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No.

Supreme Court, U.S.

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IN THE
Supreme Court of the United States

OCTOBER TERM, 1987

BLOCK DRUG COMPANY, INC., BLOCK DRUG
CORPORATION AND DENTCO, INC.,

Petitioners,

vs.

MILTON HODOSH and RICHARDSON-VICKS, INC.,

Respondents.

**PETITION FOR A WRIT OF CERTIORARI
TO THE UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT**

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QUESTIONS PRESENTED

1. Is the decision of the Court of Appeals for the Federal Circuit in giving a patentee the right to control a staple sold in an ordinary carrier under §271(c) of the Patent Act (35 U.S.C.) an improper extension of the patent monopoly and in conflict with this Court's interpretation of §271(c) and §271(d) in *Dawson Chemical Co. v. Rohm & Haas Co.*, 448 U.S. 176, 213 (1980) where it was concluded "[b]y enacting §§271(c) and (d), Congress granted to patent holders a statutory right to control nonstaple goods that are capable only of infringing use in a patented invention, and that are essential to that invention's advance over prior art."

2. Is the decision of the Court of Appeals for the Federal Circuit, adopting a literal "plain wording" interpretation of §271(c) in conflict with decisions of this Court prior to the enactment of the section and in conflict with *Dawson Chemical*, 448 U.S. at 187, where this Court stated that this section "is generic and freighted with a meaning derived from the decisional history that preceded it".

3. Is the decision of the Court of Appeals for the Federal Circuit in conflict with the decision in *Rex Chainbelt, Inc. v. Harco Prods., Inc.*, 512 F.2d 993, (9th Cir. 1975) *cert. denied*, 423 U.S. 831 (1975), where the Ninth Circuit held as a matter of law that a staple article of commerce cannot become a nonstaple by simply placing it in an ordinary carrier.

STATEMENT PURSUANT TO
SUPREME COURT RULES 21 AND 28.1

The parties in the proceeding before the U.S. Court of Appeals for the Federal Circuit were as follows:

Defendant-Appellants¹

1. Block Drug Company, Inc.
2. Block Drug Corporation
3. Dentco, Inc.

Plaintiff-Appellees

1. Milton Hodosh
2. Richardson-Vicks, Inc.
(owned by Proctor & Gamble, Inc.)

¹ Petitioner Block Drug Corporation and Petitioner Dentco, Inc. are wholly-owned subsidiaries of Petitioner Block Drug Company, Inc.

Except as aforesaid, no petitioner has any parent company, subsidiary (except wholly-owned subsidiaries) or affiliate within the meaning of Supreme Court Rule 28.1

TABLE OF CONTENTS

	Page
QUESTIONS PRESENTED	i
THE PARTIES	ii
TABLE OF CASES AND OTHER AUTHORITIES.....	v
APPENDICES	vii
OPINIONS BELOW.....	1
JURISDICTION	2
STATUTE INVOLVED.....	2
STATEMENT OF THE CASE	2
A. Nature of the Case	2
B. Course of Proceedings	3
C. Statement of Facts	4
1. Potassium Nitrate is the Essential Ingredient Used in the Hodosh Method of Use Patent.....	4
2. Claims to Compositions Containing Potassium Nitrate Were Twice Rejected as Unpatentable by the Patent Office ...	5
3. Hodosh/RVI's Attempt to Monopolize Unpatented and Unpatentable Compositions.....	6
REASONS FOR GRANTING THE WRIT	6

	Page
I. The Federal Circuit Decision is in Conflict With This Court's <i>Dawson</i> Decision	7
A. Hodosh/RVI's Activities Constitute A Classic Case of Patent Misuse	7
B. This Court's Decision in <i>Dawson</i> Requires a Finding of Misuse in This Case	10
C. By Failing to Follow <i>Dawson</i> , the Federal Circuit Has Improperly Expanded a Patentee's Monopoly to Include Staple Articles Sold in Inert Diluents	11
II. The Federal Circuit Decision is in Conflict With Pre-1952 Supreme Court Precedent on Patent Misuse	13
III. The Federal Circuit Decision is in Conflict With The Ninth Circuit Decision Which Held That the Proper Focus of the Staple/Nonstaple Determination is On the Essential Ingredient	16
CONCLUSION	18

TABLE OF CASES, STATUTES & OTHER AUTHORITIES

	Page
<i>B.B. Chem. Co. v. Ellis</i> , 314 U.S. 495 (1942)	8-9, 13, 15
<i>Carbice Corp. of Am. v. American Patents Dev. Corp.</i> , 283 U.S. 27 (1931)	8-9, 13, 15
<i>Dawson Chemical Co. v. Rohm & Haas Co.</i> , 448 U.S. 176, (1980)	i, 7, 9-16, 18
<i>Dr. Salsbury's Laboratories v. I.D. Russell Co. Laboratories</i> , 212 F.2d 414, 101 USPQ 137 (8th Cir. 1954)	16
<i>Hodosh v. Block Drug Co.</i> , 226 USPQ 645 (D.N.J. 1985)	3
<i>Hodosh v. Block Drug Co.</i> , 786 F.2d 1136 (Fed. Cir. 1986), <i>cert. denied</i> , 107 S.Ct. 106 (1986) .	3, 5, 12
<i>Hodosh v. Block Drug Co.</i> , 833 F.2d 1575 (Fed. Cir. 1987)	vii, 1, 4
<i>I.D. Russell Co. v. Dr. Salsbury's Laboratories</i> , 198 F.2d 473, 94 USPQ 199 (8th Cir. 1952) . . .	16
<i>Leitch Mfg. Co. v. Barber Co.</i> , 302 U.S. 458 (1938)	8, 13
<i>Mercoid Corp. v. Mid-Continent Inv. Co.</i> , 320 U.S. 661 (1944)	14-15
<i>Mercoid Corp. v. Minneapolis-Honeywell Regulator Co.</i> , 320 U.S. 680 (1944)	14-15
<i>Morton Salt Co. v. G.S. Suppiger Co.</i> , 314 U.S. 488 (1942)	8-9, 13
<i>Motion Picture Patents Co. v. Universal Film Mfg. Co.</i> , 243 U.S. 502 (1917)	8, 13

	Page
<i>Oxy Metal Indus. Corp. v. Quin-Tec, Inc.</i> , 216 USPQ 318 (E.D. Mich. 1982)	16
<i>Rex Chainbelt, Inc. v. Harco Prods., Inc.</i> , 512 F.2d 993, 185 (9th Cir. 1975) <i>cert. denied</i> 423 U.S. 831 (1975)	i, 16-18
<i>Sony Corp. of Am. v. Universal City Studios, Inc.</i> , 464 U.S. 417 (1984)	7, 12-13
 STATUTES & OTHER AUTHORITIES	
28 U.S.C. §1254(1)	2
28 U.S.C. §1292	vii, 2, 4
28 U.S.C. §1338(a)	3
35 U.S.C. §271	i, 2-3, 7, 10, 12-15
35 U.S.C. §281	3
Oddi, <i>Contributory Infringement/Patent Misuse: Metaphysics and Metamorphosis</i> , 44 U. Pitt. L. Rev. 73, 73-87 (1982), <i>reprinted in</i> 15 Intell. Prop. L. Rev. 155 (1983)	10, 15
<i>Patent Law Codification and Revision, 1951: Hearings on H.R. 3760 Before Subcomm. No. 3 of the House Comm. on the Judiciary</i> , 82d Cong., 1st Sess. 153 (1951)	15-16
S. Rep. No. 1979, 82d Cong. 2d Sess. 8, <i>reprinted in</i> 1952 U.S. Code Cong. & Admin. News 2394, 2402	15-16

APPENDICES

	Page
APPENDIX A - Opinion of the United States Court of Appeals for the Federal Circuit, <i>Hodosh v. Block Drug Co.</i> , 833 F.2d 1575, (Fed. Cir. 1987)	A1
APPENDIX B - Opinion Letter and Order of the United States District Court for the District of New Jersey, <i>Hodosh v. Block Drug Co.</i> , 226 USPQ 645 (D.N.J. 1985)	B1
APPENDIX C - Opinion of United States District Court for the District of New Jersey Granting Certification Under 28 U.S.C. 1292 (b), Dated May 5, 1987	C1
APPENDIX D - U.S. Patent #3,863,006 for "Method for Desensitizing Teeth" Issued to Dr. Milton Hodosh and Licensed to Richardson- Vicks, Inc.	D1



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Respondents.

**PETITION FOR A WRIT OF CERTIORARI
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Petitioners Block Drug Company, Inc., Block Drug Corporation, and Dentco, Inc., respectfully pray that a writ of certiorari issue to review the order and opinion of the United States Court of Appeals for the Federal Circuit entered in this proceeding on November 25, 1987.

OPINIONS BELOW

The opinion of the Court of Appeals is reported at 833 F.2d 1575 (Fed. Cir. 1987), and is annexed hereto as Appendix A. The opinion of the United States District Court for the District of

New Jersey, not reported, is annexed hereto as Appendix B. The opinion of the District Court granting certification under 28 U.S.C. 1292(b) is annexed hereto as Appendix C. The Patent in Suit is annexed hereto as Appendix D.

JURISDICTION

The order and opinion of the United States Court of Appeals for the Federal Circuit sought to be reviewed herein was entered on November 25, 1987. The jurisdiction of this Supreme Court is invoked under 28 U.S.C. §1254(1).

STATUTE INVOLVED

35 U.S.C. §§271(c) and (d), provides as follows:

(c) Whoever sells a component of a patented machine, manufacture, combination or composition, or a material or apparatus for use in practicing a patented process, constituting a material part of the invention, knowing the same to be especially made or especially adapted for use in an infringement of such patent, and not a staple article or commodity of commerce suitable for substantial noninfringing use, shall be liable as a contributory infringer.

(d) No patent owner otherwise entitled to relief for infringement or contributory infringement of a patent shall be denied relief or deemed guilty of misuse or illegal extension of the patent right by reason of his having done one or more of the following: (1) derived revenue from acts which if performed by another without his consent would constitute contributory infringement of the patent; (2) licensed or authorized another to perform acts which if performed without his consent would constitute contributory infringement of the patent; (3) sought to enforce his patent rights against infringement or contributory infringement.

STATEMENT OF THE CASE

A. *Nature of the Case*

This is a patent suit maintained by Milton Hodosh and his exclusive licensee Richardson-Vicks, Inc. ("RVI") alleging that

Block Drug Company, Inc. and its wholly owned subsidiaries, Block Drug Corporation, and Dentco, Inc. (collectively "Block") are contributory infringers of U.S. Patent 3,863,006 entitled "Method for Desensitizing Teeth." A copy of the patent is annexed hereto as Appendix D. The infringement charge is based on Block's sale of a toothpaste containing potassium nitrate which may be used by purchasers to practice the patented method. Federal jurisdiction is based on 28 U.S.C. §1338(a) and under the Patent Laws of the United States, including 35 U.S.C. §§271, 281.

B. *Course of Proceedings*

Block brought two summary judgment motions, one based on invalidity of the patent-in-suit and the other based on Hodosh/RVI's misuse of the patent-in-suit. The patent misuse motion was provoked by Hodosh/RVI's refusal to license the patented method unless the licensee also purchased RVI's unpatented toothpaste. Summary judgment of patent invalidity was granted by the district court, thereby rendering moot the misuse issue.² The Court of Appeals for the Federal Circuit reversed, holding that issues of fact existed for trial on the invalidity issue. *Hodosh v. Block Drug Co.*, 786 F.2d 1136, 1143, (Fed. Cir. 1986), *cert. denied*, 107 S.Ct. 106 (1986).

On remand, Block renewed its motion for summary judgment as to patent misuse. The renewed motion was denied by the district court in a Letter-Opinion and Order dated March 27, 1987 (Appendix B). The district court recognized, however, that "there is a question, under applicable law, as to whether the proper focus of the Court in determining the misuse issue should be on the potassium nitrate, or on the toothpaste containing potassium nitrate", and concluded that the motion involved a controlling question of law as to which there is a substantial

² Although the misuse motion was dismissed on the ground that it was moot, Judge Sarokin noted that the issue presented was a "fascinating question of patent misuse" and that "the court need not and does not here address such issue at all, let alone with the complexity which it deserves." *Hodosh v. Block Drug Co.*, 226 USPQ 645, 656 (D.N.J. 1985).

ground for difference of opinion (Appendix C). Pursuant to 28 U.S.C. §§1292(b) and (c), the district court certified the question and the Court of Appeals for the Federal Circuit granted Block's petition for interlocutory appeal.

On appeal, the Federal Circuit certified that "in determining the misuse issue presented in this case, the proper focus is on Hodosh's effort to control the toothpaste containing potassium nitrate actually sold and not on the potassium nitrate ingredient alone". *Hodosh v. Block Drug Co.*, 833 F.2d 1575, (Fed. Cir. 1987) (Appendix A).

C. Statement of Facts

1. *Potassium Nitrate is the Essential Ingredient Used in the Hodosh Method of Use Patent*

The Hodosh patent (Appendix D) covers a method of using potassium nitrate to desensitize teeth. The potassium nitrate is applied to the teeth in any manner. Accordingly, claim 1 simply refers to potassium nitrate in dilute form:

1. The method of desensitizing hypersensitive dentine and cementum by applying thereto an agent, *the essential ingredient of which is a nitrate* of one of the following alkali metals: *potassium*, lithium or sodium said nitrate comprising between 1 percent and 20 percent by weight of said agent. [Emphasis added.]

The remaining claims simply specify particular carriers or diluents, such as "an aqueous solution" or "a nontoxic paste", and/or specific percentages of potassium nitrate in these diluents. Claims 2, 4 and 6 are typical:

2. The method of claim 1 further characterized in that said nitrate is potassium nitrate in an aqueous solution.

4. The method of claim 1 further characterized in that said nitrate is potassium nitrate mixed with a non-toxic paste.

6. The method of desensitizing hypersensitive dentin and cementum by applying thereto an aqueous solution, *the essential ingredient of which is potassium nitrate*, said potassium nitrate comprising between 1% by weight and saturation of said aqueous solution. [Emphasis added.]

It is the potassium nitrate alone which provides the necessary relief to hypersensitive teeth and it is potassium nitrate which is claimed as "the essential ingredient." As explained in the patent specification, the potassium nitrate may be placed in any common carrier or diluent and the particular carrier or diluent chosen will not in any way affect its desensitization function. [Appendix D at Col. 2, lines 7-11; Col. 2, lines 52-54; Col. 3, lines 4-6].

The Federal Circuit has also previously recognized that it is the desensitizing property of potassium nitrate, an admitted staple, which is the invention or discovery of Dr. Hodosh and that the particular paste or solution in which it is placed has nothing to do with the inventive concept:

[I]t is entirely clear that Dr. Hodosh's invention was the discovery of an apparently superior *desensitizing agent* and he never thought it was a toothpaste formula. . . . It is apparent that Hodosh's patent solicitor merely adopted the prior art Rosenthal toothpaste formula as a convenient example to illustrate the kind of a paste in which the Hodosh desensitizer might be used

786 F.2d at 1143 (emphasis in original).

2. *Claims to Compositions Containing Potassium Nitrate Were Twice Rejected as Unpatentable by the Patent Office*

Hodosh originally sought to obtain protection on the *composition* containing potassium nitrate, in addition to the method

claims. All of the composition claims, however, were rejected by the Examiner and subsequently cancelled by Hodosh. Hodosh also filed a continuation-in-part application containing composition claims similar to those in the original application. These claims were also rejected by the Examiner and ultimately abandoned by Hodosh. Hodosh thus twice sought to patent the compositions *per se*, including specifically a nontoxic paste containing potassium nitrate, but finally acquiesced in the rejection of those claims and abandoned them. (Appendix B at page 3 n.6 and at page 6)

3. Hodosh/RVI's Attempt to Monopolize Unpatented and Unpatentable Compositions

Hodosh/RVI refuse to license others to practice the method of use of the Hodosh patent except by purchasing RVI's unpatented potassium nitrate toothpaste. RVI gives an implied license only to those who purchase its Denquel product. No other license has been granted by Hodosh or RVI. (Appendix A at page 3 n.3; Appendix B, page 4)

Block requested a license in order to compete with RVI in the sale of the unpatented potassium nitrate toothpaste to consumers wishing to practice the patented method. The license request was refused by both Hodosh and RVI, indicating their intent to maintain exclusive rights over the sale of the unpatented potassium nitrate composition.

After its effort to obtain a license was rebuffed, Block entered the market with its own versions of unpatented potassium nitrate toothpastes which were sold under the trademarks Promise and Sensodyne-F, thus challenging RVI's claim to exclusivity over the sale of unpatented and unpatentable products.

REASONS FOR GRANTING THE WRIT

The opinion of the Federal Circuit raises important issues concerning the extent to which commerce in unpatented and unpatentable articles may be restrained under a method-of-use patent. The Federal Circuit decision significantly expands a

patentee's monopoly by allowing the patentee to restrain competition in unpatented staple articles which are sold in an inert diluent. This decision is in conflict with long-standing Supreme Court precedent and is also in conflict with a decision of the Court of Appeals for the Ninth Circuit which is on "all fours" with the present case. Indeed, the decision is in direct conflict with this Court's most recent pronouncement concerning this issue when it reiterated "the critical importance of not allowing the patentee to extend his monopoly beyond the limits of his specific grant." *Sony Corp. of Am. v. Universal City Studios, Inc.*, 464 U.S. 417, 441 (1984).

Section I below sets forth the law of patent misuse as established by a long line of Supreme Court cases, the limited "nonstaple" exception to patent misuse afforded under §§271(c) and (d) and the Federal Circuit's unwarranted expansion of that exception in conflict with this Court's decision in *Dawson*. Section II deals with the refusal of the Federal Circuit to consider the still-controlling Supreme Court decisions prior to the enactment of §§271(c) and (d). Section III describes the conflict between the present decision and the decision of the Court of Appeals for the Ninth Circuit.

I. The Federal Circuit Decision is in Conflict With This Court's *Dawson* Decision

A. *Hodosh/RVI's Activities Constitute A Classic Case of Patent Misuse*

Hodosh/RVI have offered no licenses, either to competing sellers of potassium nitrate toothpaste or to consumers, except the implied license that is granted with every purchase of RVI's Denquel product. Indeed, Hodosh/RVI refused Block's good faith offer to obtain a license for the benefit of consumers who wish to purchase the unpatented toothpaste from someone other than RVI. Thus, every license granted under the Hodosh patent has been conditioned on or tied to the purchase of an unpatented product from RVI. As a matter of law, these facts constitute a classic tying arrangement which has been consistently condemned by this Court as "patent misuse."

The seminal case is *Motion Picture Patents Co. v. Universal Film Mfg. Co.*, 243 U.S. 502 (1917), where this Court denied recovery to a patent holder which “derive[d] its profit, not from the invention on which the law gives it a monopoly but from the unpatented supplies with which it is used and which are wholly without the scope of the patent monopoly.” *Id.* at 517.

The misuse doctrine was again addressed in *Carbice Corp. of Am. v. American Patents Dev. Corp.*, 283 U.S. 27 (1931) where this Court held that “[r]elief is denied because the [patentee] is attempting, without sanction of law, to employ the patent to secure a limited monopoly of unpatented material used in applying the invention.” *Id.* at 33-34. Similarly the patent misuse doctrine was upheld in *Leitch Mfg. Co. v. Barber Co.*, 302 U.S. 458 (1938), against the owner of a “method of use” patent. *Id.* at 463.

In *Morton Salt Co. v. G.S. Suppiger Co.*, 314 U.S. 488 (1942), this Court set forth the equitable nature of the patent misuse defense:

But the public policy which includes inventions within the granted monopoly excludes from it all that is not embraced in the invention. It equally forbids the use of the patent to secure an exclusive right or limited monopoly not granted by the Patent Office and which is contrary to public policy to grant.

It is a principle of general application that courts, and especially the courts of equity, may appropriately withhold their aid where the plaintiff is using the right asserted contrary to the public interest.

Id. at 492. In a companion case to *Morton Salt*, this Court prohibited recovery from parties charged with inducing infringement: “[I]n view of petitioner’s use of the patent as the means of establishing a limited monopoly in its unpatented materials . . . we hold that the maintenance of this suit to restrain *any form of infringement* is contrary to public policy.” *B.B. Chem. Co. v. Ellis*, 314 U.S. 495 (1942) (emphasis added).

Summarizing the substance of the above Supreme Court decisions, which remain good law today,³ the following points are evident:

(1) In each case, the result of the decision was to promote competition in the sale of the unpatented product. Specifically, in *Carbice*, the Court stated that the expansion of a patentee's exclusive rights to cover an unpatented material was unwarranted: "[t]he very existence of such restrictions suggests that in [their] absence a competing article of equal or better quality would be offered at the same or at a lower price." 283 U.S. at 32 n.2 and accompanying text. In the present case, Block merely wishes to compete in the sale of the unpatented product and is willing to obtain a nondiscriminatory license for the benefit of customers who wish to purchase a competitive product. Hodosh/RVI, on the other hand, refuse to consider any such arrangement and instead seek to obtain a monopoly over the unpatented toothpaste composition, a composition which has already been twice denied patent protection by the Patent Office.

(2) In these Supreme Court cases, the conduct of the patentee was controlling. Each defendant was charged with having knowledge that the product it was selling to its customers was being used to infringe the patent-in-suit. In some cases, the defendant was also charged with active inducement. Misuse was nevertheless found in every case. As made clear in *Morton Salt* and *B.B. Chemical*, it was the inequitable conduct of the patent owner in attempting to extend its exclusive rights that was of critical concern in rendering the patent unenforceable.

(3) This Court has made clear that although the most convenient way of exploiting a patent may be through the sale of unpatented materials, this is irrelevant to a finding of patent misuse. As stated in *B.B. Chemical*: "The patent monopoly is not enlarged by reason of the fact that it would be more convenient to the patentee to have it so, or because he cannot avail himself of its benefits within the limits of the grant." 314 U.S. at 498.

³ See *Dawson Chem. Co. v. Rohm & Haas Co.*, 448 U.S. 176, 213, (1980) (Blackmun, J., majority) discussed *infra* on pages 10-16. See also 448 U.S. at 235 (White, J., dissenting).

As more fully set out in Section II, *supra*, the Federal Circuit has discarded all of these principles as no longer binding precedent and considered them effectively overruled *sub silentio* by the enactment of §271(c).

B. *This Court's Decision in Dawson Requires
a Finding of Misuse in this Case*

Dawson Chem. Co. v. Rohm & Haas Co., 448 U.S. 176 (1980) is the most recent Supreme Court decision dealing squarely with patent misuse and is this Court's first decision interpreting 35 U.S.C. §§271(c) and (d) of the Patent Act of 1952 regarding the scope and interaction of patent misuse and contributory infringement.

In *Dawson*, the legislative history behind §§271(c) and (d) was reviewed and the Court determined that these subsections provide a limited exception to the patent misuse doctrine where an "essential" nonstaple is involved.⁴

In *Dawson*, the Court held there was no patent misuse, but only because the chemical involved, propanil, was a nonstaple that (1) was capable only of infringing use and (2) was essential to the invention's advance over the prior art. 448 U.S. at 213. Notably, the four dissenters would not have allowed this misuse exception, but rather would have condemned the tying of even non-staple items as patent misuse.⁵

Although recognizing an exception to patent misuse, it is clear that no further expansion of rights to the patentee was intended. This Court emphasized that contributory infringement has

⁴ For an analysis of *Dawson* and the legislative history behind §271, see Oddi, *Contributory Infringement/Patent Misuse: Metaphysics and Metamorphosis*, 44 U. Pitt. L. Rev. 73, 73-87 (1982), *reprinted in* 15 Intell. Prop. L. Rev. 155 (1983). For an analysis of the importance of the "essential" character of the nonstaple, see Oddi, 44 U. Pitt. L. Rev. at 87-113.

⁵ "The Court now refuses to apply this 'patent misuse' principle in the very area in which such attempts to restrain competition are most likely to be successful." 448 U.S. at 223 (White, J. dissenting). "This is a classic case of patent misuse." 448 U.S. at 240 (Stevens, J. dissenting). Justices Brennan and Marshall also dissented.

been given a “*restrictive* definition”, that nonstaple articles are “*narrowly*” defined, and that a patentee has only “*a limited power* to exclude others from competition in nonstaple goods.” 448 U.S. at 200, 201 (emphasis added).

Dawson is thus instructive for two reasons. First, this Court went to great lengths to construct a very narrow exception to patent misuse (and even so, only a bare majority joined in the decision). Second, *Dawson* also emphasized the importance of focusing on the “essential” aspect of the patented invention. The Court concentrated on the chemical “propanil, the herbicidal properties of which are essential to the advance on prior art.” 448 U.S. at 198-99. Notably, the patent claims in *Dawson* specified use of propanil together with “an inert diluent.” Furthermore, the defendants did not sell propanil by itself, but always in dilute form. Yet the *Dawson* court only referred to propanil alone, the essential ingredient, ignoring the diluent entirely for the purpose of analyzing the patent misuse issue.

*C. By Failing to Follow Dawson, the Federal Circuit
Has Improperly Expanded a Patentee's Monopoly
to Include Staple Articles Sold in Inert Diluents*

The Federal Circuit ignored the teachings of *Dawson* that the “essential” ingredient of the claimed invention is the important consideration in a staple/nonstaple analysis. Instead, the court referred to the potassium nitrate as a “mere” ingredient of the toothpaste. (Appendix A, pages 6, 8 and 9) By failing to acknowledge there was only one essential ingredient disclosed in the Hodosh patent and only one alleged to constitute the advance over the state of the art, the Federal Circuit has given an unwarranted expansion of *Dawson*, whereby a patentee now exerts monopolistic control over unpatented and unpatentable staple articles placed in an inert diluent.

In the present case, it is undisputed that potassium nitrate is the essential ingredient of the claimed invention, i.e., the desensitizing agent. The patent makes it crystal clear that potassium nitrate is the only essential ingredient. It states that the same

desensitizing results are achieved regardless of the diluent used, whether a paste, an aqueous solution or any other carrier.

The Federal Circuit itself had also determined in a prior decision that only the potassium nitrate is essential to the claimed inventive concept. Comparing Hodosh's toothpaste formula to prior art desensitizing toothpaste products, it was concluded that "Hodosh's invention was the discovery of an apparently superior *desensitizing agent*," i.e., potassium nitrate. *Hodosh*, 786 F.2d at 1143, (emphasis in original). The court further found that "[Hodosh] never thought [his discovery] was a toothpaste formula" and that the toothpaste formula was merely adopted "as a convenient example." *Id.* at 1143.

Thus, the only significant factual distinction between the present case and *Dawson* which the Federal Circuit refused to address, is that potassium nitrate is an *admitted essential staple* whereas propanil was an *admitted essential nonstaple*. Aside from this, the two cases are on "all fours."⁶ Accordingly, the difference between potassium nitrate and propanil is of critical importance and is determinative of the present case.

By not focusing on the essential ingredient, potassium nitrate, and instead, by classifying it as a "mere" ingredient, the Federal Circuit has now broadened a patentee's monopoly to include unpatented and unpatentable items. This interpretation of §§271(c) and (d) is a significant expansion of the narrow exception to the misuse doctrine set forth in *Dawson*, and would also be contrary to the public policy set forth in long-standing Supreme Court precedent and with pronouncements recently made by this Court in *Sony Corp. of Am. v. Universal City Studios, Inc.*, 464 U.S. 417 (1984):

⁶ Both patents cover "new use" methods. The "material" element in the claimed method in each patent is the so-called "heart" of the invention or "advance on prior art." The patent owner and competitors both sell this element along with an inert carrier and instructions for its use. Both patent owners derive revenue from the sale of the unpatented element, grant licenses for the use of the patented method only to its purchasers, and refuse to license others.

[A] finding of contributory infringement is normally the functional equivalent of holding that the disputed article is within the monopoly granted to the patentee.

For that reason, in contributory infringement cases arising under the patent laws the Court has always recognized the critical importance of not allowing the patentee to extend his monopoly beyond the limits of his specific grant.

See Id. at 441.

A writ of certiorari should issue to review the conflict between the Federal Circuit's Order and Opinion and this Court's decision in *Dawson*.

II. The Federal Circuit Decision is in Conflict With Pre-1952 Supreme Court Precedent on Patent Misuse

During the appeal, Block referred to the extensive line of Supreme Court cases dealing with patent misuse. This Court's primary concern was the inequitable conduct of the patentee preventing competition in unpatented products. *Motion Picture*, 243 U.S. 502, 519 (1917); *Carbice*, 283 U.S. 27, 214 (1931); *Leitch*, 302 U.S. 458, 463 (1938); *Morton Salt*, 314 U.S. 488, 992 (1942); *B.B. Chemical*, 314 U.S. 495, 497-98 (1942). *See* discussion at *supra* at page 8.

The Federal Circuit refused to consider these cases, stating that they are unpersuasive because "the court spoke before the advent of §271."⁷ (Appendix A, page 9) The Federal Circuit apparently considers that all patent misuse cases, decided by the Supreme Court prior to 1952 were overruled *sub silentio* by the Patent Act of 1952. This view, however, is totally unsupported by the legislative history of the Act as reviewed in detail by this

⁷ Section 271 was passed as part of the Patent Act of 1952.

Court in *Dawson*. Indeed, *Dawson* made clear that most of the pre-1952 decisions on patent misuse were still good law.⁸

The Federal Circuit further erred by adopting a mechanical and superficial reading of §271(c). The Federal Circuit stated that the proper focus of the staple/nonstaple determination is solely on the "thing sold," without regard to whether the thing sold contained but a single essential ingredient and without regard to the teachings of the patent with respect to this issue.

The Federal Circuit's so-called "plain wording" interpretation of the statute is in direct conflict with the *Dawson* decision, where this Court stated that "the language of §271(c) is generic and freighted with a meaning derived from the decisional history that preceded it." Accordingly, the Federal Circuit's mechanical and superficial interpretation of the statute, as if the statute had been written on a clean slate, was error. The Federal Circuit should have undertaken a careful, reasoned review of the pre-1952 Supreme Court precedent to determine the law and policy of the patent misuse doctrine codified in §271(c), as a necessary part of construing the statute.⁹

⁸ Sections 271(c) and (d) of the Patent Act were enacted in 1952 in reaction to two controversial decisions of the Supreme Court which many in the patent community thought totally abolished the doctrine of contributory infringement. *Mercoïd Corp. v. Mid-Continent Inv. Co.*, 320 U.S. 661 (1944) (*Mercoïd I*); *Mercoïd Corp. v. Minneapolis-Honeywell Regulator Co.*, 320 U.S. 680 (1944) (*Mercoïd II*).

In *Mercoïd I*, the Court held that any attempt by a patentee to control the market for unpatented goods would constitute patent misuse, even if those goods had no use outside of the patented invention, i.e. nonstaple goods. *Mercoïd II* reinforced this broad pronouncement when it found misuse even though the patentee offered licenses to the accused infringers.

In *Dawson*, this Court interpreted §271(c) and (d) as restoring the doctrines of contributory infringement and patent misuse to the states in which they existed prior to the *Mercoïd* decisions. *Dawson*, 448 U.S. 176, 213 (1980) (Blackmun, J., majority); see also, 448 U.S. at 235 (White, J., dissenting).

⁹ This is especially so, in view of the fact that §271 is considered one of the most complex provisions of the Patent Act:

(Footnote continued)

Such a reasoned approach to deciding the staple/nonstaple issue requires a court to analyze the nature of the product sold in view of the teachings of the patent (in this case, that the "essential" ingredient is the desensitizing agent potassium nitrate), and not in view of marketplace expedients.

This reasoned approach is commanded by decisions such as *Carbice*, *Morton Salt* and *B.B. Chemical*. In *Carbice*, this Court noted that the scope of a patentee's exclusive rights "is not dependent upon the peculiar function or character of the unpatented material or on the way in which it is used." 283 U.S. at 33. In *Morton Salt*, 314 U.S. at 490, patent misuse was found even though the salt tablets had a configuration rendering them capable of convenient use in the patented machine. See also *B.B. Chemical*, where this Court ruled that misuse cannot be avoided simply based on the "preferences of manufacturers." 314 U.S. at 498.

The Federal Circuit also stated that "its plain meaning interpretation of the statute" was in "complete agreement with the legislative history behind §271". That is not so. As related in *Dawson*, the legislative history clearly establishes that Congress enacted §271 for the express purpose of reinstating the doctrine of contributory infringement as it had been developed by decisions prior to *Mercoide*. The Senate Report accompanying the legislation stated that §271(c) "is much more restricted than many proponents of contributory infringement believe should be the case." S. Rep. No. 1979, 82d Cong. 2d Sess. 8, *reprinted*

[§271(c)] has taken a good deal of educating, it is a difficult concept to come to grips with. They call patent law the metaphysics of the law, and I would say that this contributory infringement business is the metaphysics of patent law. . . . It is the meta metaphysics, beyond the beyond, you might say.

Patent Law Codification and Revision, 1951: Hearings on H.R. 3760 Before Subcomm. No. 3 of the House Comm. on the Judiciary, 82 Cong., 1st Sess. 153 (1951) [hereinafter cited as "1951 Hearings"]. See also Oddi, Contributory Infringement/Patent Misuse: Metaphysics and Metamorphosis, 44 U. Pitt. L. Rev. 73, 74 (1982), reprinted in 15 Intell. Prop. L. Rev. 155, 156 (1983).

in 1952 U.S. Code Cong. & Admin. News 2394, 2402. Even one of the most prominent proponents of the legislation, Giles S. Rich (now a Judge with the Court of Appeals for the Federal Circuit), cautioned against extending the doctrine of contributory infringement too far, *see Dawson*, 448 U.S. at 208, and stated:

Now, as to our solution, I think that if anything, it is on the ultraconservative side. . . . just from the reading of [§271(c)] it is evident that this is an exceedingly restrictive provision. [1951 Hearings at 153, 154]

Concluding his opening testimony at the 1951 Hearings, Judge Rich added that "where there is a conflict, the misuse doctrine must prevail because of the public interest inherently involved in patent cases." *Dawson*, 448 U.S. at 211.

A writ of certiorari should issue to review the decision of the Federal Circuit to reject Supreme Court precedent decided prior to enactment of the Patent Act of 1952.

III. The Federal Circuit Decision is in Conflict With The Ninth Circuit Which Held That the Proper Focus of the Staple/Nonstaple Determination is On the Essential Ingredient

Courts have consistently looked to the essential ingredient of the invention in making the staple/nonstaple determination and have further consistently held that a staple does not lose its characteristics as a staple by adding dilutive ingredients to it.¹⁰ *Rex Chainbelt* is on "all fours" with the present case, yet was disregarded by the Federal Circuit.

¹⁰ *Dawson Chemical*, 448 U.S. 176; *Rex Chainbelt, Inc. v. Harco Products, Inc.*, 512 F.2d 993 (9th Cir. 1975), *cert. denied*, 423 U.S. 831 (1975); *Dr. Salsbury's Laboratories v. I.D. Russell Co. Laboratories*, 212 F.2d 414, (8th Cir. 1954) ("*Salsbury II*"); *I.D. Russell Co. v. Dr. Salsbury's Laboratories*, 198 F.2d 473, (8th Cir. 1952) ("*Salsbury I*"); *Cf. Oxy Metal Indus. Corp. v. Quin-Tec, Inc.*, 216 USPQ 318 (E.D. Mich. 1982) (proper focus is individual ingredients, not the specific blend, since ingredients do not interact).

In *Rex Chainbelt*, a patent was obtained when the patentee discovered the advantages of substituting epoxy resin for molten zinc as the backing for a wearing plate on a rock crushing machine. Claims 1-6 of the patent-in-suit in that case covered the "two-element combination, namely a manganese steel wearing part and a backing portion made of an epoxy resin *formula-tion* with certain physical characteristics." 512 F.2d at 997, (emphasis added).

Similar to the present case, the patent claimed the essential ingredient (epoxy resin) with "an inert filler" (compare here to potassium nitrate in a "nontoxic paste") and the actual product was sold in dilute form.¹¹ Yet, the court, in making the staple/nonstaple determination, looked only to the essential ingredient of the invention, i.e., the epoxy resin, determined it to be a staple, and held the patentee to have misused the patent. *Rex Chainbelt*, 512 F.2d at 998, 1002. With respect to the actual product sold, the court explicitly stated:

There is ample evidence in the record to support the district court's finding that 'Nordbak' was a staple commodity. *It is well settled that the mere addition of extenders to a staple article does not make the article nonstaple.* . . . This is particularly true here since the extenders are not 'components' of the invention. The epoxy resin present in 'Nordbak' is the only component of the patent at issue and that is a staple article of commerce.

Id. at 1002 n.3, (emphasis added). *Rex Chainbelt* governs the analysis to be applied in the present case. The proper focus is potassium nitrate, the essential ingredient, and the particular carrier used, in this case toothpaste, should be ignored since it is unrelated to the inventive concept.

Consistent with the Ninth Circuit's *Rex Chainbelt* decision, the proper focus in making the staple/nonstaple determination

¹¹ "Nordbak [was] an unpatented combination of epoxy resin 'extended' by several inert 'fillers'." 512 F.2d at 998.

is on the essential ingredient of the invention. Courts have not focused on the particular formulation of the actual product sold. In *Dawson*, it was the propanil which was considered, not the diluted herbicide actually sold. In *Rex Chainbelt*, it was epoxy resin, not the epoxy resin extended by inert fillers.

Similarly, in the present case, it is potassium nitrate which causes the desensitizing effect and it provides this function whether placed in paste, solution, or any other commercially convenient diluent or carrier. Accordingly, the proper focus in making the staple/nonstaple determination should be on the essential ingredient, potassium nitrate.

A writ of certiorari should issue to review the conflict between the Federal Circuit's Opinion and Order and the decision of the Ninth Circuit in *Rex Chainbelt*.

CONCLUSION

For the foregoing reasons, a writ of certiorari should issue to review the Order and Opinion of the United States Court of Appeals for the Federal Circuit.

Respectfully submitted,

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APPENDIX

**Milton HODOSH and Richardson-Vicks,
Inc., Plaintiffs-Appellees,**

v.

**BLOCK DRUG COMPANY, INC., Block Drug Corp, and
Dentco, Inc., Defendants-Appellants.**

No. 87-1376.

**United States Court of Appeals,
Federal Circuit.**

Nov. 25, 1987.

Holder of patent on method for desensitizing teeth with toothpaste containing potassium nitrate brought action against competitor for infringement, contributory infringement, and induced infringement. The District Court granted competitor's motion for summary judgment of invalidity, and patent holder appealed. The Court of Appeals, 786 F.2d 1136, reversed. On remand, competitor renewed its motion for summary judgment of patent misuse, and the United States District Court for the District of New Jersey, Alfred J. Lechner, Jr., J., certified question and granted competitor's petition for interlocutory appeal. The Court of Appeals, Markey, Chief Judge, held that proper focus in determining misuse issue was on patent holder's effort to control toothpaste containing potassium nitrate rather than on potassium nitrate alone.

Certified question answered.

Marvin C. Soffen, Ostrolenk, Faber, Gerb & Soffen, New York City, argued for defendants-appellants, Block. With him on the brief were Edward A. Meilman and Mark Garscia. Also on the brief were James F. Davis and Alan M. Grimaldi, Howery & Simon, Washington, D.C.

John O. Tramontine, Fish & Neave, New York City, argued for plaintiffs-appellees. With him on the brief were W. Edward Bailey and Norman H. Beamer. Also on the brief were Hugh A. Chapin, Paul Lempel and William J. McNichol, Jr., Kenyon & Kenyon, New York City.

Before MARKEY, Chief Judge, DAVIS, Circuit Judge, and BALDWIN, Senior Circuit Judge.

MARKEY, Chief Judge.

Certified question from the United States District Court for the District of New Jersey relating to a "staple article of commerce" inquiry arising in consideration of a motion for summary judgment of patent misuse.

I. Background

Milton Hodosh and exclusive licensee Richardson-Vicks (Hodosh) sued Block Drug Company, Inc., Block Drug Corp., and Dentco, Inc. (Block) for patent infringement, contributory infringement, and induced infringement of Hodosh's U.S. Patent No. 3,863,006 ('006), entitled "Method for Desensitizing Teeth." Block filed motions for summary judgment of patent invalidity and misuse. The trial court granted the motion for summary judgment of invalidity. This court reversed that judgment. *Hodosh v. Block Drug Co.*, 786 F.2d 1136, 229 USPQ 182 (Fed. Cir.), *cert. denied*, — U.S. —, 107 S.Ct. 106, 93 L.Ed. 2d 55 (1986). Block renewed its motion for summary judgment of patent misuse. When the court decided that motion, Block asserted that the motion involved a controlling question of law as to which there is a substantial ground for difference of opinion. The district court certified the question and this court granted Block's petition for interlocutory appeal. 28 U.S.C. § 1292(b), (c) (1966 & Supp.1987).

The '006 patent discloses and claims a method for desensitizing teeth with a composition containing an alkali metal nitrate.¹ Hodosh's product claims were twice rejected and abandoned. Independent claim 1 reads:

The method of desensitizing hypersensitive dentin and cementum by applying thereto an agent, the

¹ A complete discussion of the facts can be found in the district court's opinion on summary judgment of invalidity, 226 USPQ 645, 645-48, and in this court's opinion reversing that summary judgment, 786 F.2d at 1137-38, 229 USPQ at 182-83.

essential ingredient of which is a nitrate of one of the following alkali metals: potassium, lithium or sodium said nitrate comprising between 1 percent and 20 percent by weight of said agent.

Claim 4, of particular importance here, reads:

The method of claim 1 further characterized in that said nitrate is potassium nitrate mixed with a non-toxic paste.

Hodosh sells "DENQUEL,"² a toothpaste containing potassium nitrate, thereby granting implied licenses to practice the patented method to purchasers of that product. Block requested and was denied a license under the patent.

Block asserts that Hodosh misuses the '006 patent by "tying" a license to use the Hodosh method to the purchase of "unpatented toothpaste."³ Block does not allege that Hodosh has attempted to control the sale of potassium nitrate *per se*. There is no dispute that purchasers of Block's toothpastes "PROMISE" or "SENSODYNE-F"⁴ directly infringe the '006 patent when they use either of those toothpastes to desensitize teeth.⁵

As noted in the district court's Letter Opinion and Order, the question comes on the focus of the staple/nonstaple inquiry. Hodosh admits that potassium nitrate is a staple, but argues that the relevant material is that which it sells, i.e., the toothpaste.

² "Denquel" is a registered trademark, Registration No. 1154376.

³ Hodosh sells the mixture of potassium nitrate and nontoxic paste, with the nitrate comprising between 1 percent and 20 percent of the paste, set forth in claim 4, *supra*. Each purchaser of that product receives an implied license to apply it to hypersensitive dentin and cementum for the purpose of desensitizing them.

⁴ "Promise" and "Sensodyne-F" are registered trademarks, Registration Nos. 1212077 and 1280417.

⁵ The district court considered only contributory infringement. Hodosh's claims for infringement and induced infringement are, therefore, not before us.

Though it asserts misuse in relation to "unpatented toothpaste," Block argues that the relevant material is that which constitutes the material part of the invention, or the alleged advance over the prior art, i.e., the single ingredient potassium nitrate.⁶

II. Issue

Whether the proper focus in determining the misuse issue should be on the potassium nitrate [an ingredient of the material that is actually sold], or on the toothpaste containing the potassium nitrate [the material that is actually sold].⁷

III. OPINION

A. *The Patentee's Actions*

One form of contributory infringement is defined in 35 U.S.C. § 271(c) as:

Whoever sells . . . a material . . . for use in practicing a patented process, constituting a material part of the invention, knowing the same to be especially made or especially adapted for use in the infringement of such patent, and not a staple article or commodity of commerce suitable for substantial noninfringing use, shall be liable as a contributory infringer.

35 U.S.C. § 271(d) provides that certain acts shall not constitute patent misuse:

No patent owner otherwise entitled to relief for infringement or contributory infringement shall be denied relief or be deemed guilty of misuse or illegal extension of the patent right by reason of his having done one or more of the following: (1) derived revenue

⁶ Hodosh's argument that summary judgment of misuse would be inappropriate because Block has not established the other elements of patent misuse, cannot be raised here because it was not raised in the district court. *See* Fed.R.Civ.P.

⁷ The issue is the question as certified, with the bracketed wording added by this court in its Order granting permission to appeal.

from acts which if performed by another without his consent would constitute contributory infringement of the patent; (3) sought to enforce his patent rights against infringement or contributory infringement.

[1] The contributory infringement and misuse inquiries, though obviously intertwined, require analysis of the actions of different entities. In considering a plaintiff's claim of contributory infringement under § 271(c), a court must review the defendant's acts. *See Shumaker v. Gem Mfg. Co.*, 311 F.2d 273, 276, 136 USPQ 20, 22 (7th Cir.1962); *Watson Packer, Inc. v. Dresser Indus., Inc.*, 193 USPQ 552, 561 (N.D.Tex.1977). In considering a defense of patent misuse, a court must review the plaintiff's actions in light of § 271(d). In dealing with misuse here, analysis of Hodosh's actions is required.

The misuse inquiry thus centers on the patentee and his actions. To determine whether exception (1) or (2) of § 271(d) applies, however, the patentee's action is judged on whether "if performed by another without his consent [that action] would constitute contributory infringement." Hodosh's action at issue here is its derivation of revenue from sales of nontoxic paste containing potassium nitrate for use in desensitizing teeth.⁸

B. The Certified Question

Though the certified question arises in the context of a motion for summary judgment of misuse, the question, as above indicated, implicates considerations of contributory infringement, and requires an answer to the staple/nonstaple inquiry.

[2] In determining whether Hodosh's actions "if performed by another" would constitute contributory infringement, the district court, says Block, should have focused on the admittedly staple potassium nitrate ingredient alone. That argument is refuted by the language of § 271(c), which deals with the

⁸ Block does not assert that Hodosh committed a misuse when it "sought to enforce his patent rights against infringement or contributory infringement." § 271(d)(3).

material actually sold by the accused and the uses made of it by its purchasers. Section 271(c) requires examination of the patented method only in determining whether the material the accused actually sells constitutes a material part of the invention and is known by the accused to be especially made or adapted for use in infringing the patent.⁹ Neither party here “sells” potassium nitrate, and Block’s attempted limitation of the staple/nonstaple inquiry to that mere ingredient would eliminate the § 271(c) — mandated inquiries relating to whether what was actually sold was a material part of the invention and whether the seller knew that what was actually sold was especially made or adapted for use in infringement of the patent.

The legislative history of § 271(c) is in complete agreement with reliance on the plain wording of the statute. In his Commentary on the New [1952] Patent Act, 35 U.S.C.A. at 53 (1952), P.J. Federico, one of the Act’s principal authors, emphasizes that the focus of § 271(c) is on “the thing sold,” and in referring to exclusion of staple products says: “[i]n addition *the thing sold* must not be ‘a staple article or commodity of commerce suitable for substantial noninfringing use.’ ” *Id.* (emphasis added).¹⁰ The drafters of the section explicitly recognized that without protection from contributory infringers, owners of method patents, like the owner here, would have no effective protection.¹¹ *Hearings on H.R. 5988 Before the Subcomm. on Patents, Trademarks,*

⁹ Comparison of the patent claims to the actions of the purchaser is involved in determining direct infringement, a prerequisite to contributory infringement. As noted, *supra*, there is no dispute here that purchasers using Block’s toothpastes to desensitize their teeth directly infringe the ‘006 patent.

¹⁰ See also *Hearings on H.R. 3760 Before Subcomm. No. 3 of the House Comm. on the Judiciary*, 82nd Cong., 1st Sess. 154-55 (1955) (testimony Mr. (now Judge) Giles S. Rich, a principal author of the section, discussing how it would apply to the situation in *Amalgamated Dental Co. v. William Getz Corp.*, 90 USPQ 339 (N.D.Ill. 1951)).

¹¹ At oral argument, counsel for Block answered the question, “How would you if you owned this patent enforce it?”, saying Block would sue all the individual consumers practicing the patented invention. The impracticality and undesirability of that approach underlies Congress’ provision of the contributory infringement remedy in § 271(c) and (d). For a full explanation thereof, see Rich, *Infringement Under Section 271 of the Patent Act of 1952*, 21 GeoWash.L. Rev. 521 (1953).

and Copyrights of the House Comm. on the Judiciary, 80th Cong., 2d Sess. 4, 5, 18 (1948); see *Dawson Chem. Co. v. Rohm & Haas*, 448 U.S. 176, 221-23, 100 S.Ct. 2601, 2625-26; 65 L.Ed.2d 696, 206 USPQ 385, 407-08 (1980).

C. Block's Arguments

Block would have this court conclude that, for § 271 purposes, excluding others from selling toothpaste with potassium nitrate in it is not different from excluding others from selling either potassium nitrate or pure toothpaste alone. We cannot accept that proposal, for the combination may be quite different from either ingredient alone and there are fact questions that at this summary judgment stage must be resolved against the movant Block. At trial, for example, the toothpaste containing potassium nitrate may be shown to have been especially made and sold for infringing use, and to have a far narrower range of noninfringing uses (if any) than that of potassium nitrate or pure toothpaste alone.¹²

Block's principal reliance is on *Dawson*, *supra*. That reliance is misplaced. The Court in *Dawson* concluded that the provisions of § 271(d) confer upon the patentee a limited power to exclude others from competition in nonstaple goods. "A patentee may sell [or license another to sell] a nonstaple article. . . while enjoining others from marketing that same good without his authorization." 448 U.S. at 201, 100 S.Ct. at 2616, 206 USPQ at 399. Because *Dawson* had admitted that it sold a nonstaple article having no substantial noninfringing uses, the Court affirmed the appellate court's conclusion that Rohm & Haas had not engaged in patent misuse, either in its method of selling propanil, or in its refusal to license others to sell that commodity.

¹² Because they are fact questions for trial on remand, we do not decide those questions here. Nor do we express an opinion on whether toothpaste containing potassium nitrate is a "material part of the invention" or is a "staple article or commodity of commerce suitable for substantial noninfringing use," or on whether Block sells its toothpaste with knowledge that it is "especially made or especially adapted for use in the infringement of such patent." Similarly, Block's speculation that its toothpaste might have "substantial" noninfringing use on teeth that do not need desensitizing raises a fact question having no place in this appeal.

Id. at 185-86, 202, 213-14, 100 S.Ct. at 2621-22, 206 USPQ at 392, 399, 404.

Contrary to Block's protestations, the Court in *Dawson* did not address any question of whether courts, when making the staple/nonstaple determination, should look to the product actually sold or to a mere ingredient in that product. Similarly, Block's argument that the court in *Dawson* looked to the "essence" or "essential" of the claimed invention when it referred to "propanil" instead of "propanil mixed with an inert diluent" is unfounded. Both parties sold the same product and Dawson conceded that the product actually sold was a nonstaple article. Hence, the Court had no need to, and did not answer the question here certified.

Unable to make the charge directly, Block implies by its argument that Hodosh has somehow attempted to control the sale of potassium nitrate, and refuses to entertain even the possibility that Hodosh may be merely attempting to stop contributory infringement of its patent. Similarly, Block's attack on the grant of a license to one manufacturer and the licenses implied by law to purchasers carries an unstated but implied and inappropriate demand for a compulsory license.

Block's quoted phrases from numerous court opinions¹³ are unpersuasive on this appeal. In most of those cases, the materials

¹³ *Rex Chainbelt, Inc. v. Harco Prods., Inc.*, 512 F.2d 993, 185 USPQ 10 (9th Cir.), cert. denied, 423 U.S. 831, 96 S.Ct. 52, 46 L.Ed.2d 49 (1975); *Dr. Salsbury's Labs v. I.D. Russell Co. Labs*, 212 F.2d 414, 101 USPQ 137 (8th Cir.1954)(*Salsbury II*); *I.D. Russell Co. Labs v. Dr. Salsbury's Labs*, 198 F.2d 473, 94 USPQ 199, (9th Cir. 1952)(*Salsbury I*); *Oxy Metal Indus. Corp. v. Quintec, Inc.*, 216 USPQ 318 (E.D.Mich.1982); *Sony Corp. v. Universal City Studios, Inc.*, 464 U.S. 417, 104 S.Ct. 774, 78 L.Ed.2d 574, 220 USPQ 665 (1984); *Deepsouth Packing Co. v. Laitram Corp.*, 406 U.S. 518, 92 S.Ct. 1700, 32 L.Ed.2d 273, 173 USPQ 769 (1972); *Mercoird Corp. v. Mid-Continent Inv. Co.*, 320 U.S. 661, 64 S.Ct. 268, 88 L.Ed. 376, 60 USPQ 21 (1944)(*Mercoird I*); *Mercoird Corp. v. Minneapolis-Honeywell Regulator Co.*, 320 U.S. 680, 64 S.Ct. 278, 88 L.Ed. 396, 60 USPQ 30 (1944) (*Mercoird II*); *B.B. Chem. Co. v. Ellis*, 314 U.S. 495, 62 S.Ct. 406, 86 L.Ed. 367, 52 USPQ 33 (1942); *Morton Salt Co. v. G.S. Suppiger Co.*, 314 U.S. 488, 62 S.Ct. 402, 86 L.Ed. 363, 52 USPQ 30 (1942); *Leitch Mfg. Co. v. Barber Co.*, 302 U.S. 458, 58 S.Ct. 288, 82 L.Ed. 371, 36 USPQ 35 (1938); *Carbice Corp. v. American Patents Dev.*

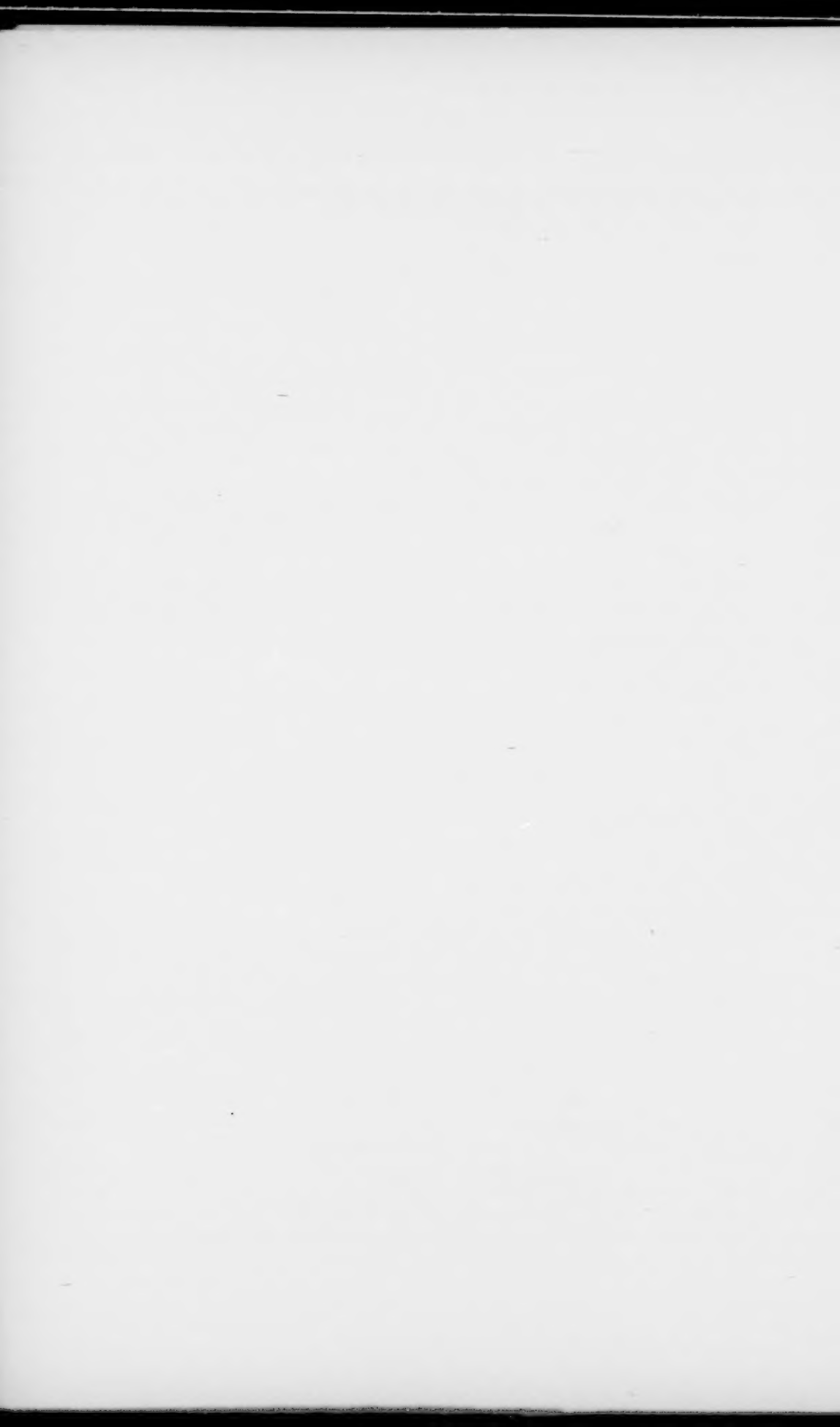
(footnote continued)

actually sold were themselves found to be staples. In others, the court spoke before the advent of § 271. In still others, the material actually sold was found after trial to have had many noninfringing uses. None involved the precise circumstances before us and in none did the court indicate that under the circumstances of this case a court may answer the staple/nonstaple question by focusing exclusively on an ingredient of the material actually sold. In any event, if any of Block's quoted phrases were readable as establishing as a rule of law that courts must focus only on a mere ingredient (rather than on the material or product actually sold), such a rule would be in conflict with the statute and could not, therefore, be followed in this court.

IV. CONCLUSION

The answer to the certified question is that in determining the misuse issue presented in this case the proper focus is on Hodosh's effort to control the toothpaste containing potassium nitrate actually sold and not on the potassium nitrate ingredient alone.

Corp., 283 U.S. 27, 51 S.Ct. 334, 75 L.Ed. 819, 8 USPQ 211 (1931); *Motion Picture Patents Co. v. Universal Film Mfg. Co.*, 243 U.S. 502, 37 S.Ct. 416, 61 L.Ed. 871 (1917).



UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

CHAMBERS OF
ALFRED J. LECHNER, JR.
JUDGE

U.S. POST OFFICE
AND COURTHOUSE
NEWARK, N.J. 07101

March 27, 1987

LETTER-OPINION AND ORDER

Not for Publication

ORIGINAL FILED WITH THE CLERK OF THE COURT

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Re: *Milton Hodosh and Richardson-Vicks, Inc. v. Block
Drug Company, Inc., et al.*
Civil Action No. 83-1110

Dear Counsel:

This patent suit is before the Court on a renewed motion by defendants Block Drug Co., Inc., Block Drug Corp. and Dentco Inc. (collectively "Block" or "defendants") for summary judgment as to patent misuse. Defendants previously filed a motion

for summary judgment as to both patent misuse and patent invalidity. Oral argument was heard by Judge Sarokin¹ who granted summary judgment as to the invalidity issue, thereby rendering moot the misuse issue.² On appeal, the United States Court of Appeals for the Federal Circuit found issues of fact to exist for trial on the question of patent invalidity and reversed Judge Sarokin's entry of summary judgment.³ Defendants have renewed the instant motion for summary judgment as to patent misuse on the ground that it is no longer moot. For the reasons set forth below, defendants' motion is denied.

Facts and Procedural History*

This suit was brought by co-plaintiffs Milton Hodosh ("Hodosh") and Richardson Vicks, Inc. ("R-V") (collectively "plaintiffs") alleging that defendants are contributory infringers of U.S. Patent 3,863,006 entitled "Method for Desensitizing Teeth" (the "'006 patent" or "patent in suit"). Hodosh is the named inventor of the patent in suit and brought this action on March 30, 1983. R-V is Hodosh's exclusive licensee. Pursuant to the '006 patent, R-V markets a toothpaste containing potassium nitrate under the trademark DENQUEL.

The complaint, filed on October 11, 1983,⁴ charged that defendants infringed the '006 patent (Complaint, filed October 11, 1983, ¶ 9) (the "Second Complaint") and that defendants also actively induced infringement of the '006 patent. (Second Complaint, ¶ 9). The defendants, in their answer, have denied validity and infringement and have alleged, *inter alia*, the patent in suit is unenforceable because of patent misuse.

¹ The case was transferred to me pursuant to an Order dated July 29, 1986.

² *Hodosh v. Block Drug Co., Inc.*, 226 U.S.P.Q. 645 (D.N.J. 1985).

³ *Hodosh v. Block Drug Co., Inc.*, 786 F. 2d 1136 (Fed. Cir. 1986).

⁴ The facts concerning this matter are set forth in detail in the previous discussion of the District Court, 226 U.S.P.Q. at 645 to 648 and by the Court of Appeals, 786 F. 2d at 1137.

⁵ The original complaint, filed March 30, 1983, was brought on behalf of Hodosh only. By order, dated August 30, 1983, R-V was joined as an involuntary plaintiff. The October 11, 1983 complaint was filed by Hodosh and R-V pursuant to a court order.

Defendants argue the patent in suit has been misused by plaintiffs who require the purchase of their unpatented product, the dentrifice, for use with the patented method. Accordingly, defendants argue plaintiffs seek to expand their monopoly and the scope of the patented methods.

The '006 patent relates to a method for desensitizing teeth by treatment with a composition containing an alkali metal nitrate, i.e., sodium, potassium or lithium nitrate. As ultimately approved, the patent was comprised of six claims;⁶ The claims are:

- (1) The method of desensitizing hypersensitive dentin and cementum by applying thereto an agent, the essential ingredient of which is a nitrate of one of the following alkali metals: potassium, lithium or sodium, said nitrate comprising between 1 percent and 20 percent by weight of said agent.
- (2) The method of claim 1 further characterized in that said nitrate is potassium nitrate in an aqueous solution.
- (3) The method of claim 2 further characterized in that said potassium nitrate comprises approximately 5 percent (5%) by weight and saturation of said aqueous solution.
- (4) The method of claim 1 further characterized in that said nitrate is potassium nitrate mixed with a nontoxic paste.
- (5) The method of claim 4 further characterized in that said nitrate comprises approximately ten percent (10%) by weight of said paste.

⁶ Hodosh originally sought to obtain patent protection on the actual dentifice product or composition containing potassium nitrate. The claims were rejected by the patent examiner and subsequently cancelled by Hodosh. Hodosh then filed a continuation-in-part application containing composition claims which

(footnote continued)

- (6) The method of desensitizing hypersensitive dentin and cementum by applying thereto an aqueous solution, the essential ingredient of which is potassium nitrate said potassium nitrate comprising between 1% by weight and saturation of said aqueous solution.

(Aff. of Marvin C. Soffen, 7/9/84, Exh. 1; Memorandum in Support of Defendant's Motion for Summary Judgment of Patent Invalidity, Exh. A.) The claims do not cover any dentifrice product or composition for use with the method.⁷

Hodosh has granted an exclusive license to R-V, and R-V licenses only purchasers of Denquel to practice the method claimed in the '006 patent. Block's requests for a license have been refused by both Hodosh and R-V. (Soffen Affidavit, Exs. 6 and 7; Peters Affidavit, Exs. A, B and C.) Instead, the present action for contributory infringement was brought, which action seeks to enjoin Block from supplying certain of its products to consumers who may or may not use such products to practice the patented method.

Defendants argue the products, the unpatented dentifrices (toothpastes), whether sold by plaintiff R-V (as DENQUEL) or Block (as PROMISE OR SENSODYNE-F) act not only as a desensitizing treatment for sensitive teeth, but also as an everyday toothpaste, to clean the teeth, refresh the breath, and in the case of the Block products PROMISE and SENSODYNE-F, also to apply a fluoride treatment to the teeth. (Soffen Affidavit, Exs. 8a, 8b and 8c).

was also rejected by the patent examiner and ultimately abandoned. (Soffen Aff. Exhibits 2 and 3). After the claims to the dentifrice product or composition were rejected by the Examiner, Hodosh acquiesced in the rejection and settled for the "method of use" claims. (*Id.* at Ex. 3).

⁷ The term "process" as defined in 35 U.S.C. § 100, means process or method, and includes "a new use of a known process, machine, manufacture, composition of matter, or material." This statutory definition "making process, art and method equivalent to each other is a codification of doctrines enunciated in decisions of adjudicated cases." 1 *Lipscomb's Walker on Patents*, § 2:4 (1984) at 103. "The generic definition of a process is an operation performed by rule to produce a result. *Id.* at 104.

In this regard, Block argues the DENQUEL marketing strategy is to establish the brand as an extremely effective toothpaste to be used every day by adults for relieving problems of sensitive teeth, as well as cleaning and other adult dental needs. (Soffen Affidavit, Ex. 9). Block contends the products of the two companies, R-V and Block, are thus similar and beyond a limited use.

In opposition to Block's motion for summary judgment based on patent misuse, R-V submits Block cannot genuinely take issue with its assertion that PROMISE and SENSODYNE-F and DENQUEL, if it were not licensed, are "non-staples". Plaintiffs argue that PROMISE, SENSODYNE-F and DENQUEL are non-staples because these products are uniquely suited for use in treating persons with hypersensitive teeth in accordance with Claims 1-4 of the patent in suit. R-V argues PROMISE, SENSODYNE-F and DENQUEL are commercially unsuited for use - and are not used - as a regular toothpaste for persons who do not have hypersensitive teeth, or for any other non-infringing use. In support of this contention, R-V cites to the following: (1) DENQUEL is significantly more expensive than regular toothpaste (Matt. ¶ 7; Aff. of Brisson Elmer); (2) DENQUEL is not sold in large sizes (e.g. - "family" size) as regular toothpastes (Matt. ¶ 8); (3) DENQUEL is distributed primarily through drugstores, and placed in a relatively small section of shelf space available for sensitive toothpaste products (Matt. ¶ 9); and (4) DENQUEL is promoted through the dental profession (Matt. ¶ 10).

Block agrees with R-V that the staple/non-staple issue is the key to R-V's allegations of contributory infringement. (Block Reply Memorandum at 2). However, Block argues the '006 patent states it is the potassium nitrate which is material, whether used in an aqueous solution or in a toothpaste carrier. (Soffen Affidavit, Ex. 1, Col. 2, Lns. 24-36).

In an attempt to further refine the court's inquiry, R-V framed the issue as: "...whether potassium nitrate combined with a non-toxic paste as a sensitive teeth toothpaste is a staple or non-staple. If it is a non-staple and if Block's sale of that combined

product is an act of contributory infringement, then the specific provisions of 35 U.S.C. § 271(d) mandate a finding of no misuse and a denial of Block's motion." (October 2, 1984 letter to Judge Sarokin from counsel to R-V).

The defendants submit, pursuant to General Rule 12 of the local rules of this court, there does not exist a genuine issue as to the following material facts:

1. The Patent and Trademark Office refused to grant a patent covering a desensitizing dentifrice composition or product containing potassium nitrate.

2. R-V and Block sell the unpatented dentifrice containing potassium nitrate which are displayed for retail sale on shelves containing other dentifrices.

3. Only purchasers of R-V's unpatented dentifrice are licensed to use the patented method.

4. Block has requested a license from both R-V and Hodosh.

5. R-V and Hodosh have refused to grant a license to Block and have not granted a license under patent in suit to anyone who does not purchase the R-V unpatented dentifrice.

6. The unpatented dentifrice sold by both R-V and Block may or may not be used to practice the claim method.

Discussion

Patent Misuse

Patentees cannot exert any control over the staple goods used in connection with their patented inventions, i.e. a party cannot be held liable for contributory infringement based on the sale of staple articles of commerce. *Dawson Chemical Co. v. Rohm & Haas Co.*, 448 U.S. 175, 200-201 *reh'g denied*, 448 U.S.

917 (1980). In *Dawson*, the Court further determined that the Congress intended 35 U.S.C. § 271(c) to narrowly define the class of non-staple items. *Id.* 448 U.S. at 200.

This principle was re-affirmed in *Sony Corp. of Am. v. Universal City Studios, Inc.*, 464 U.S. 417 *reh'g denied*, 465 U.S. 1112 (1984) where the court recognized the definition of a non-staple article should be narrowly construed:

[I]n contributory infringement cases arising under the patent laws the Court has always recognized the critical importance of not allowing the patentee to extend his monopoly beyond the limits of a specific grant. These cases deny the patentee any right to control the distribution of unpatented articles unless they are 'unsuited for *any* commercial non-infringing use'. Unless a commodity has '*no* use except through practice of the patented method,' the patentee has no right to claim that its distribution constitutes contributory infringement. 'To form the basis for contributory infringement the item must be *uniquely suited* as a component of the patented invention . . . '[A] sale of an article which though adapted to an infringing use is also adapted to other and lawful uses, is not enough to make the seller a contributory infringer. Such a rule would block the wheels of commerce.'

Id. at 441 (citations omitted) (emphasis added).

Patent misuse occurs when a patentee ties the grant of patent rights to the purchase of an unpatented product. *Leitch Mfg. Co. v. Barber Co.*, 302 U.S. 458, 463 (1938). The Supreme Court has consistently denied recovery for infringement to patent holders who misuse their patents by attempting to expand their patent monopoly to unpatented materials used in connection with patented inventions. *Motion Picture Patents Co. v. Universal Film Mfg. Co.*, 243 U.S. 502 (1917); *Carbice Corporation of America v. American Patents Development Corp.*, 283 U.S. 27 (1931); *Leitch Manufacturing Co. v. Barber Co.*, 302 U.S. 458 (1938); *Morton Salt Co. v. G.S. Suppiger Co.*, 314 U.S.

488 (1942), *reh'g denied*, 315 U.S. 826 (1942); *B.B. Chemical Co. v. Ellis*, 314 U.S. 495 (1942). In the instant case, defendants contend Hodosh has improperly expanded the '006 patent by only granting licenses to the method patent to purchasers of Denquel, an unpatented composition. Block alleges this arrangement constitutes a misuse of the method patent.

Title 35 U.S.C. § 271(c) provides:

Whoever sells a component of a patented machine, manufacture combination or composition, or a material part of the invention, knowing the same to be especially made or especially adapted for use in an infringement of such patent, and not a staple article or commodity of commerce suitable for substantial noninfringing use, shall be liable as a contributory infringer.

Plaintiffs in this case argue summary judgment as to patent misuse is not appropriate and suggest the court

need only take notice of the following material fact as to which there at least exists a genuine issue (R-V submits that Block cannot genuinely take issue with this fact):

Block's products, Promise and Sensodyne-F (and RVI's product, Denquel, if it were not licensed) are not staple articles or suitable for substantial noninfringing use -- i.e., these products are nonstaples.

(Brief of R-V in Opposition at 2) ("Plaintiffs' Brief"). Plaintiffs contend these products are "uniquely suited" for the treatment of hypersensitive teeth in accordance with claims 1 and 4 of the patent in suit and are not commercially suited as a regular toothpaste.

Defendants present the opposite argument: Promise, Sensodyne-F and Denquel are suitable for substantial non-infringing use. Defendants point out that despite Denquel's claim

of being a "specialty product promoted exclusively as a 'sensitive teeth toothpaste' " (Matt Declaration, ¶ 5), the package insert for Denquel states, "You'll enjoy using Denquel as your regular toothpaste!" (Defendants' April 25, 1985 letter to Judge Sarokin, at 3.)

Both sides have submitted affidavits to support their conflicting positions. Plaintiffs contend their product "is uniquely suited for use as a treatment for persons with hypersensitive teeth," (Declaration of Nicholas O. Matt,⁸ ¶ 5) ("Matt Declaration") and offer marketing data to bolster their argument. For example, Denquel is priced significantly higher than toothpastes marketed to the general public; Denquel is only sold in small sizes, not in the larger "family" or "convenience" sizes; and Denquel is promoted primarily through the dental profession. (Matt Declaration, ¶¶ 7, 8, 10.) Defendants take issue with these assertions.

Despite the existence of a factual dispute as to whether Promise, Sensodyne-F and Denquel are staple articles of commerce suited for a substantial noninfringing use, *see Sony Corp. of Am. v. Universal City Studios, Inc.*, 467 U.S. at 441; *Dawson Chemical Co. v. Rohm & Haas Co.*, 448 U.S. at 184, defendants argue their summary judgment motion is not defeated. Instead, defendants urge that in making the staple/nonstaple distinction the court's inquiry should not be directed to the toothpaste composition, but instead should focus on the potassium nitrate as the material part of the invention, or the alleged advance over the prior art. In this regard there is no dispute that potassium nitrate as such is a staple article of commerce.⁹

Defendants point to cases wherein the court has focused on the material part of the invention, not the actual composition

⁸ Nicholas O. Matt is employed in the Vick International Europe (Africa Division of R-V. He has held various marketing positions since joining R-V in 1973. Mr. Matt's responsibilities include supervision of the personnel responsible for marketing Denquel.

⁹ In plaintiffs' October 2, 1984 letter to Judge Sarokin, it is admitted that potassium nitrate is a staple. Again, at oral argument before this court plaintiffs' counsel stated: "[i]t has been known for years, many, many years. In that context it [potassium nitrate] is a staple, yes."

sold, in making the nonstaple/staple distinction. For example, in *Rex Chainbelt Inc. v. Harco Products, Inc.*, 512 F. 2d 993 (9th Cir.), *cert. denied* 423 U.S. 831 (1975), a patent was obtained when the patentee discovered the advantages of substituting an epoxy material for molten zinc for backing of the waring parts of gyrating crushing machines. Claims 1-6 of the *Rex Chainbelt* patent in suit covered the two-element combination of the waring part and the backing portion of an epoxy resin with certain physical characteristics. Claim 7 added the crusher to the earlier two elements, covering a three-element combination. *Id.* at 997. The patent was challenged on a number of grounds and following a trial on the merits the District Court found, among other things: (1) the patent was void for obviousness; (2) if the patent were valid, then defendant had actively induced others to infringe on the patent; (3) plaintiff's sales of an unpatented staple commodity (epoxy resin) accompanied by an implied license to practice the patent constituted a *non de minimis* tying arrangement; and, (4) that plaintiff's tying arrangement constituted a misuse of its patent, making the patent unenforceable. *Id.* at 995.

The decision was affirmed on appeal where the Ninth Circuit indicated "that any patentee who sells the patented item only in conjunction with some other unpatented staple good raises serious suspicions of tying behavior and misuse." *Id.* at 1002-1003. In addressing the validity of the patent, the court focused on the epoxy resin, the alleged advance over the prior art. The circuit court stated: "[t]here is ample evidence in the record to support the district court's finding that 'Nordback' [plaintiff's commercial name for its epoxy resin formulation for use as a crusher backing] was a staple commodity. It is well settled that the mere addition of extenders to a staple article does not make the article nonstaple." 512 F. 2d at 1002 n. 3 *citing Dr. Salsbury's Laboratories v. I.D. Russell Co.*, 212 F. 2d 414 (8th Cir.), *cert. denied*, 348 U.S. 837 (1954).

The Supreme Court's discussion of the staple/nonstaple distinction in *Dawson Chemical Co. v. Rohm & Haas Co.*, *supra*, is instructive. At issue in *Dawson* was a patent on the method

or process of applying the chemical compound known as propanil to rice crops and other fields for herbicidal purposes (the "R & H patent"). As is evident from the language of the R & H patent,¹⁰ the R & H patent described a method of applying propanil so as to selectively inhibit the growth of weeds, yet not harm the rice or other crop. 448 U.S. at 181.

The owners of the R & H patent initiated suit against a manufacturer of propanil for selling the substance in containers "on which [were] printed directions for application in accordance with the method claimed in the [R & H patent]." *Id.* at 183. After being denied a license to practice the method recited in the R & H patent, the defendant asserted the defense of patent misuse. The court found the accused not to have engaged in patent misuse, concentrating on the chemical, "propanil, the herbicidal properties of which are essential to the advance on prior art . . .", *id.* at 199 and concluded that "propanil is a nonstaple commodity which has no use except through practice of the [R & H] patented method." *Id.* (emphasis added).

Defendants urge the court's discussion in *Carbice Corporation of America v. American Patents Development Corporation*, *supra*, also sheds light on the instant dispute. In *Carbice*, suit was brought by one manufacturer of solid carbon dioxide against another manufacturer of solid carbon dioxide for patent infringement. The patent in suit covered neither a machine, method nor a process for making the carbon dioxide, rather the patent covered "a manufacture" for a package employing solid carbon dioxide to protect and maintain ice cream and other perishable foodstuffs during transportation. *Id.* 283 U.S. at 29.

¹⁰ 1. "A method for selectively inhibiting growth of undesirable plants in an area containing growing undesirable plants in an established crop, which comprises applying to said area 3, 4-dichloropropionanilide at a rate of application which inhibits growth of said undesirable plants and which does not adversely affect the growth of said established crop."

2. "The method according to claim 1 wherein 3, 4-dichloropropionanilide is applied in a composition comprising 3, 4-dichloropropionanilide and an inert diluent therefor at a rate of between 0.5 and 6 pounds of 3, 4-dichloropropionanilide per acre." 191 USPQ 691, 695 (SD Tex. 1976).

The plaintiff in *Carbice* did not sell or manufacture the transportation package. Plaintiff simply manufactured the solid carbon dioxide it called "dry ice." Printed on plaintiff's invoice included with its sales of the dry ice, however, was the following warning:

The merchandise herein described is shipped upon the following condition: That DryIce shall not be used except in DryIce Cabinets or other containers or apparatus provided or approved by the DryIce Corporation of America [the exclusive licensee of American Patents Development Corporation]; and that DryIce Cabinets or other containers or apparatus provided or approved by the DryIce Corporation of America shall be refrigerated or used only with DryIce. These uses of DryIce are fully covered by our Basic Method and Apparatus Patent No. 1,511,306. Granted October 14th, 1924, and other Patents Pending. *Id.* at 30.

The *Carbice* Court denied relief to plaintiff because it found plaintiff to have wrongfully authorized use of its patented design only to purchasers of the solid carbon dioxide. Although the Court did not explicitly draw the staple/non-staple distinction¹¹ it did so impliedly. The Court specifically found "[t]hat [solid carbon dioxide] and its properties as a refrigerant have been long known to the public." *Id.* at 29.

Control over the supply of an unpatented material is beyond the scope of the patentee's monopoly; and this limitation, inherent in the patent grant, is not dependent upon the peculiar function or character of the

¹¹ Hodosh apparently challenges the persuasiveness of cases decided prior to the 1952 enactment of the contributory infringement - misuse statute 35 U.S.C. § 271(c) and (d) which codified the staple/nonstaple distinction. (See Plaintiff's November 14, 1986 letter to the court at 2.)

However, the propositions for which pre-1952 cases cited herein stand, were not affected by the amendment to 35 U.S.C. § 271. Furthermore, the propositions have been reaffirmed and relied upon in subsequent cases such as *Dawson*.

unpatented material or on the way in which it is used. Relief is denied because [plaintiff] is attempting, without sanction of law, to employ the patent to secure a limited monopoly of unpatented material used in applying the invention.

Id. at 33-34. See also *Leitch Manufacturing Co. and Barber Co., supra*, (finding patent misuse in an attempt to condition practice of the patented method of curing concrete on purchase of bituminous emulsion, an unpatented staple article of commerce used in the process); *Morton Salt Co. v. G.S. Suppiger Co., supra*, (summary judgment granted against attempt to control the market for unpatented salt tablets used in connection with a patented machine for dispensing salt tablets); and *B.B. Chemical Co. v. Ellis, supra*, (patent misuse precludes relief even where infringement was actively induced). In these cases the courts focused on the "tied" product, or the supposed advance over the prior art, in concluding the patents in suit had been misused.

Plaintiffs, on the other hand, suggest the proper inquiry is illustrated by *Watson Packer, Inc. v. Dresser Industries, Inc.*, 193 U.S.P.Q. 552 (N.D. Tex. 1977). In *Watson Packer*, the court considered an infringement charge on a method patent covering a "step-by-step fluid spot valve control method of removing sulphate scale from the well bore of a producing oil well." *Id.* at 554. Defendant countered with allegations of patent invalidity and misuse. *Id.* at 555.

Discussing the staple-non-staple dichotomy, the court noted:

While each of these tools has substantial non-infringing use individually, *they have no substantial use together other than to infringe the patent in suit.*

Id. at 561 (emphasis added). The court focused on the combination of the method, rather than the individual tools. The tools referred to include valves, packers and shear subs, each used in the patented method. Applying the approach of the *Watson Packer* court to the challenged toothpaste combination, plaintiffs suggest this court's inquiry should involve the combination, not the elements of the combination.

Also cited is the decision in *Plaintiffs also cite Shumaker v. Gem Mfg. Co.*, 311 F. 2d 273 (1962). At issue in *Shumaker* was a patent directed to a wind deflector attached to the rear corner post of an automobile to break up the vacuum formed during forward movement of the vehicle. *Id.* at 273. Plaintiff accused defendant of contributory infringement by selling pairs of deflectors with the intent they be installed in an infringing manner. *Id.* at 276. Defendant, however, claimed he was selling a staple article of commerce capable of substantial, non-infringing uses such as on a boat windshield and singly or in pairs on an automobile roof. *Id.* at 275. Despite the other uses for wind deflectors, the court enjoined defendant from "the practice of picturing the infringing use on its cartons, in its catalogs, and in its instruction sheets, or of selling its product with directions for mounting it in an infringing manner." *Id.* at 276.

Accordingly, questions arise as to whether these products are used to any significant degree (if at all) as regular toothpaste by persons who do not have sensitive teeth, and/or whether there is any reasonable likelihood they will be so used. In sum, several issues are presented, not the least of which is whether these products have a substantial use other than to infringe the patent's suit. Issues concerning marketing, pricing, etc. are relevant to this determination. See *Reynolds Metals Co. v. Aluminum Co. of America*, 457 F. Supp. 482, 509 (N.D. Ind. 1978), *rev'd on other grounds* 609 F. 2d 1218 (7th Cir. 1979), *cert. denied*, 446 U.S. 989 (1980) (the "quality, quantity and efficiency of the suggested uses are to be considered"); *Bliss & Laughlin Industries, Inc. v. Bil-Jax, Inc.*, 356 F. 2d 577 (N.D. Ohio 1972); *Spee-Flo Mfg. Corp. v. Gray Co.*, 255 F. Supp. 618 (S.D. Tex. 1964), *aff'd* 361 F. 2d 489 (5th Cir. 1966); *Erie Resistor Corp. v. Solar Mfg. Corp.*, 138 U.S.P.Q. 496 (S.D. Cal. 1963); *United States Gypsum Co. v. National Gypsum*, 440 F. 2d 510, 516 (7th Cir.), *cert. denied*, 403 U.S. 923, *reh'g den.*, 404 F. 2d 875 (1971) (non-infringing uses too insubstantial relative to the amount of the accused product sold).

Summary Judgment

In order to prevail on a motion for summary judgment, the moving party must establish that "there is no genuine issue as

to any material fact and that [it] is entitled to a judgment as a matter of law." Fed. R. Civ. P. 56(c). Once the moving party has carried its burden under Rule 56, "its opponent must do more than simply show that there is some metaphysical doubt as to the material facts." *Matsushita Electric Industrial Co., Ltd. v. Zenith Radio Corp.*, ____ U.S. ____, 89 L. Ed. 2d 538, 552 (1986) *rev'g*. 723 F. 2d 238 (3d Cir. 1983). The Supreme Court recently explained that in evaluating the evidence presented, "[w]here the record taken as a whole could not lead a rational trier of fact to find for the non-moving party, there is no 'genuine issue for trial.'" *Matsushita*, 89 L. Ed. 2d at 552. In making this determination, all evidence submitted must be viewed in a light most favorable to the party opposing the motion. *Wahl v. Rexnord*, 624 F. 2d 1169, 1181 (3d Cir. 1980).

Applying this summary judgment standard to the issues now before me, I find the relief should be denied. Although there is no dispute that potassium nitrate is a staple article of commerce, as mentioned, issues include whether the concerning combination of the potassium nitrate and toothpaste have a substantial use other than to infringe the patent in suit. In this regard, issue has been joined thereby preventing entry of judgment. Accordingly, for the reasons stated, the motion for summary judgment is denied.

SO ORDERED, this 27th day of March, 1987.

/s/ Alfred J. Lechner, Jr.

ALFRED J. LECHNER, JR., U.S.D.J.

AJL:ks

cc: Theresa C. Heimall, Deputy Clerk



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UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

MILTON HODOSH and : Civil Action No. 83-1110
RICHARDSON-VICKS, INC. : Hon. Alfred J. Lechner, Jr.

Plaintiffs,

v.

O R D E R

BLOCK DRUG COMPANY,
INC., BLOCK DRUG CORP. :
and DENTCO, INC., :
Defendants.

This matter being opened to the Court by defendants' motion for certification under 28 U.S.C. 1293(b), and the Court having considered the briefs filed by the parties with respect to said motion, and other papers on file in this Court, and having heard oral argument of counsel, and good cause being shown therefor;

And the Court being of the opinion that there is a question, under applicable law, as to whether the proper focus of the Court in determining the misuse issue should be on the potassium nitrate, or on the toothpaste containing potassium nitrate;

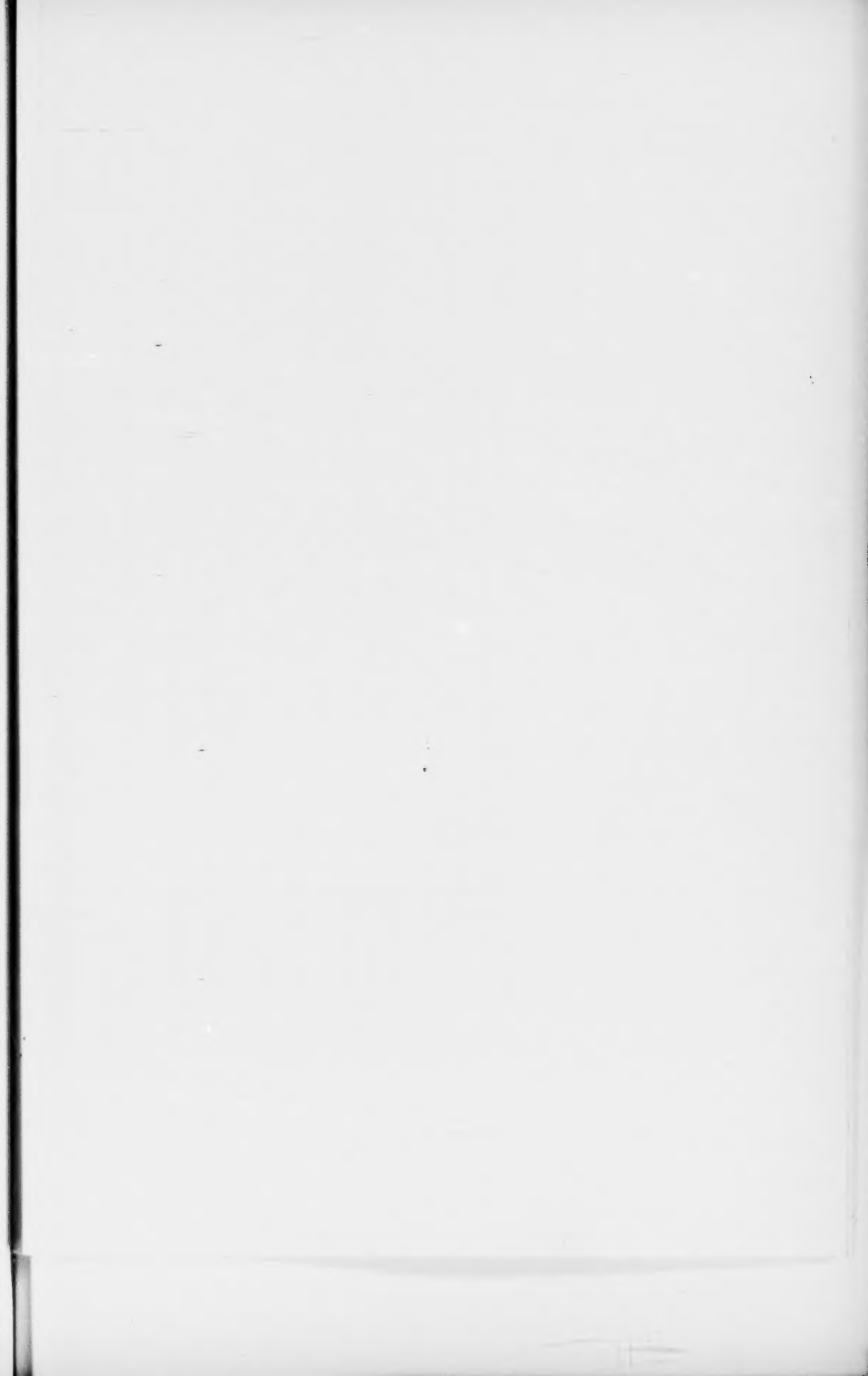
IT IS ORDERED AND ADJUDGED that this Court's Order dated March 27, 1987 denying defendants' motion for summary

judgment as to patent misuse is amended to state that it involves a controlling question of law as to which there is substantial ground for difference of opinion and that an immediate appeal of the Order may materially advance the ultimate termination of the litigation; and

IT IS FURTHER ORDERED AND ADJUDGED that the defendants shall have ten (10) days from the date of this Order to petition the U.S. Court of Appeals for the Federal Circuit for permission to bring the appeal.

Date: 5-5-87

/s/ Alfred J. Lechner, Jr.
Hon. Alfred J. Lechner, Jr.
United States District Judge



[54] METHOD FOR DESENSITIZING TEETH

[76] Inventor: Milton Hodosh, 145 Whitemarsh St., Providence, R.I. 02906

[22] Filed: Jan. 29, 1973

[21] Appl. No.: 327,758

[52] U.S. Cl. 424/49
[51] Int. Cl. A61k 7/16
[58] Field of Search 424/49-58

[56] References Cited

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Primary Examiner—Richard L. Huff
Attorney, Agent, or Firm—Salter & Michaelson

[57]

ABSTRACT

A compound and method for desensitizing hypersensitive teeth, and specifically hypersensitive dentin and cementum, the essential ingredient of said compound comprising a nitrate of potassium, lithium or sodium, and the method comprising the application of said compound in aqueous solution or nontoxic paste form to the sensitive area.

6 Claims, No Drawings

METHOD FOR DESENSITIZING TEETH

BACKGROUND AND SUMMARY OF THE INVENTION

The present invention relates to a compound and treatment for eliminating or, at the very least, greatly reducing, discomfort and pain caused by tooth hypersensitivity or exposed cementum and/or dentin.

It is becoming increasingly apparent that the problem of tooth hypersensitivity affects a far greater number of people than previously suspected. People suffering from this annoying condition may react painfully to heated or chilled foods, citric acid or sweets, or other every-day stimuli, including toothbrush contact. The problem is especially prevalent in adults who have lost some of the normal protective enamel sheathing on tooth surfaces because of erosion, abrasion, caries, chipping of the enamel, or in whom recession of the gingiva has exposed tooth dentin and/or cementum. However, tooth hypersensitivity is now being found to exist even in the absence of any of the foregoing.

Attempts have heretofore been made to eliminate or at least reduce the painful effects of tooth hypersensitivity or of exposed cementum and/or dentin; but, for various reasons, many of these previous attempts have not been completely successful. For example, silver nitrate is a known desensitizer, but it is such a powerful oxidant that it may burn or otherwise irritate the gum tissues, as well as causing discoloration of the teeth. In another approach, a finely ground paste of dicalcium acid phosphate was rubbed into the exposed, sensitive tooth roots of various patients suffering from hypersensitivity with some success, based on the observation that the paste crystallized and blocked the dentinal tubules, thereby apparently protecting the sensitive, nerve-filled pulp inside. Still another approach involves the use of strontium ions, as disclosed in U.S. Pat. No. 3,122,483 dated Feb. 25, 1964.

In spite of the above, the search goes on for a desensitizer which may be easily and economically produced, which may be easily applied to hypersensitive tooth areas, which is effective in achieving the desired desensitizing function without irritation of the gums and discoloration of the teeth, and which has a longer lasting effect. It is to the accomplishment of these objectives that the present invention is directed.

DESCRIPTION OF THE INVENTION

It has been found that the nitrate of any one of the following alkali metals has amazing and unusual desensitizing action when applied to hypersensitive teeth or exposed dentin and/or cementum. Specifically, potassium nitrate, lithium nitrate, and sodium nitrate have been found to be extremely effective in this regard, and potassium nitrate, in particular, has been found to be both extremely effective and relatively long lasting in its effect. However, lithium nitrate and sodium nitrate are also effective, and none of these nitrates are irritating to the gingiva, nor do they discolor the teeth. Other potassium salts have been tried, but none appear to be as effective as potassium nitrate insofar as desensitizing is concerned. Also, other metal nitrates do not seem to be as effective and satisfactory. Thus, for reasons not completely known, potassium nitrate achieves an unusually effective desensitizing result, and to a some-

what lesser extent, so do the other alkali metal nitrates, namely, lithium nitrate and sodium nitrate.

The other alkali metals, namely, rubidium, cesium, and francium, are extremely rare and expensive and hence are not feasible nor practicable for use in the present invention. In addition, francium is radioactive. In utilizing potassium nitrate as a desensitizing agent, it is simply necessary to dissolve potassium nitrate crystals in a liquid solution, preferably water; and then the solution so formed is liberally applied to the hypersensitive area by means of cotton or the like. It has specifically been found that an aqueous solution comprising 5 percent by weight of potassium nitrate works extremely well. On the other hand, an aqueous solution comprising 1 percent by weight of potassium nitrate is also effective, but not to the extent that a more concentrated solution is. An aqueous solution of potassium nitrate saturates when the solution contains approximately 20 percent by weight potassium nitrate, and such a saturated solution may also be used, but the results of a saturated solution are not sufficiently beneficial over that of a 5 percent solution to justify the inclusion of the additional potassium nitrate.

As previously stated, the liberal application of an aqueous solution of potassium nitrate to the hypersensitive area results in almost immediate and extremely pronounced desensitization of the hypersensitive area, without any irritation of the gingiva, nor any discoloration of the teeth. In addition, the desensitization effect remains for a relatively long time, and in some cases for days.

In addition to applying the nitrate of potassium, lithium or sodium to the hypersensitive area in the form of an aqueous solution, it is also possible to incorporate the nitrate in a nontoxic paste which would then be applied to the sensitive area. For example, a paste was formulated as follows:

	Percent
Potassium nitrate	10.0
Water	36.2
Glycerin	25.0
Hydroxyethylcellulose	1.6
Polyoxyethylene sorbitan monolaurate	2.0
Micronized silica	24.0
Spearmint oil	1.0
Saccharin	0.2

(All percentages by weight)

The above paste, which actually has ingredients to function as a toothpaste in addition to performing a desensitizing function, when applied to a hypersensitive area in a patient's mouth, achieves basically the same desensitizing results as where the application is by means of an aqueous solution. More specifically, relatively extreme desensitizing took place without any irritation of the gingivae or discoloration of the teeth. When used in a paste of this type, the compound obviously has a preventive function, as well as a treatment function.

Although it is not positively known whether the desensitizing effect of the potassium nitrate is due to the oxidizing nature of the compound, or whether a crystallization takes place which blocks the dentinal tubules and hence protects the sensitive, nerve-filled pulp located therein, the fact remains that the use of potassium nitrate, and also lithium and sodium nitrate, whether in aqueous or paste form, results in desensitization of the hypersensitive area to an unexpected and

surprising degree without adversely affecting said area in any way, and said desensitizing effect has been found to be relatively long lasting.

As this invention may be embodied in several forms without departing from the spirit or essential characteristics thereof, the present embodiment is therefore illustrative and not restrictive, since the scope of the invention is defined by the appended claims rather than by the description preceding them, and all changes that fall within the metes and bounds of the claims or that form their functional as well as conjointly cooperative equivalents, are therefore intended to be embraced by these claims.

What is claimed is:

1. The method of desensitizing hypersensitive dentin and cementum by applying thereto an agent, the essential ingredient of which is a nitrate of one of the following alkali metals: potassium, lithium or sodium said nitrate comprising between 1 percent and 20 percent by weight of said agent.

2. The method of claim 1 further characterized in that said nitrate is potassium nitrate in an aqueous solution.

3. The method of claim 2 further characterized in that said potassium nitrate comprises approximately 5 percent (5%) by weight and saturation of said aqueous solution.

4. The method of claim 1 further characterized in that said nitrate is potassium nitrate mixed with a nontoxic paste.

5. The method of claim 4 further characterized in that said potassium nitrate comprises approximately ten percent (10%) by weight of said paste.

6. The method of desensitizing hypersensitive dentin and cementum by applying thereto an aqueous solution, the essential ingredient of which is potassium nitrate, said potassium nitrate comprising between 1% by weight and saturation of said aqueous solution.

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Supreme Court, U.S.

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CLERK

No. 87-1394

IN THE
Supreme Court of the United States

OCTOBER TERM, 1987

BLOCK DRUG COMPANY, INC., ET AL.,

Petitioners,

vs.

MILTON HODOSH and RICHARDSON-VICKS INC.,

Respondents.

**BRIEF IN OPPOSITION TO PETITION
FOR A WRIT OF CERTIORARI TO
THE UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT**

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COUNTERSTATEMENT OF QUESTION PRESENTED

Did the Court of Appeals correctly hold, in answer to the question of law certified by the District Court, that the proper focus in determining the issue of contributory patent infringement and patent misuse under 35 U.S.C. § 271 is on the product actually sold by petitioners and not on an ingredient of that product alone?

STATEMENT PURSUANT TO RULE 28.1

PETITIONERS: Block Drug Company, Inc.
Block Drug Corporation
Dentco, Inc.

RESPONDENTS: Milton Hodosh
Richardson-Vicks, Inc.
Parent: The Procter & Gamble
Company
Partially owned subsidiaries:
P.T. Richardson-Vicks Indonesia
Richardson Hindustan Limited
Vick Nigeria Limited

TABLE OF CONTENTS

	Page
COUNTERSTATEMENT OF QUESTION PRESENTED	i
STATEMENT PURSUANT TO RULE 28.1	ii
TABLE OF CONTENTS	iii
TABLE OF AUTHORITIES	v
CITATIONS TO OPINIONS BELOW	viii
STATUTES INVOLVED	ix
COUNTERSTATEMENT OF THE CASE	1
SUMMARY OF ARGUMENT	5
REASONS WHY THE WRIT SHOULD NOT BE GRANTED	
A. This Court Should Not Exercise Its Certiorari Jurisdiction To Review An Answer To A Certified Question Of Law Before Final Judgment	6
B. The Court Of Appeals Correctly Held That Section 271(c) Is Directed To The Product Actually Sold	6
1. The Plain, Unambiguous Language Of Section 271(c) Is Conclusive And Directs That Contributory Infringement Is Determined By The Product Actually Sold	9
2. The Legislative History Of Section 271(c) Shows An Unambiguous Congressional Intent To Focus On The Product Actually Sold	10

	Page
3. The Court Of Appeals' Answer To The Certified Question Is Not In Conflict With <i>Dawson</i>	12
4. The Court Of Appeals' Answer To The Certified Question Is Not In Conflict With The Ninth Circuit	16
CONCLUSION	18

TABLE OF AUTHORITIES

Cases	Page
<i>Amer. Const. Co. v. Jacksonville Railway</i> , 148 U.S. 372 (1893)	6
<i>Aro Mfg. Co. v. Convertible Top Co.</i> , 365 U.S. 336 (1961)	13
<i>Atari, Inc. v. JS & A Group, Inc.</i> , 747 F.2d 1422 (Fed.Cir. 1984)	17
<i>B.B. Chemical Co. v. Ellis</i> , 314 U.S. 495 (1942) .	14, 16
<i>Carbice Corp. v. Am. Patents Corp.</i> , 283 U.S. 27 (1931)	15
<i>Consumer Product Safety Comm'n v. GTE Sylvania</i> , 447 U.S. -102 (1980)	9
<i>Dawson Chemical Co. v. Rohm & Haas Co.</i> , 448 U.S. 176 (1980)	<i>passim</i>
<i>Dr. Salsbury's Laboratories v. I.D. Russell Co. Lab.</i> , 212 F.2d 414 (8 Cir. 1954), cert. denied 348 U.S. 837 (1954)	16
<i>Firemen v. Bangor & A.R. Co.</i> , 389 U.S. 327 (1967)	6
<i>Gardner v. Westinghouse Broadcasting Co.</i> , 437 U.S. 478 (1978)	6
<i>Hamilton Shoe Co. v. Wolf Brothers</i> , 240 U.S. 251 (1916)	6
<i>Hodosh v. Block Drug Co., Inc.</i> , 226 USPQ 645 (D.N.J. 1985)	2, 3
<i>Hodosh v. Block Drug Co.</i> , 786 F.2d 1136 (Fed.Cir. 1986), cert. denied 107 S.Ct. 106 (1986)	1, 13

Cases	Page
<i>Hodosh v. Block Drug Co., Inc.</i> , 833 F.2d 1575 (Fed.Cir. 1987)	1
<i>Leitch Mfg. Co. v. Barber Co.</i> , 302 U.S. 458 (1938)	15
<i>Mercoird Corp. v. Honeywell Co.</i> , 320 U.S. 680 (1944)	11, 14
<i>Mercoird Corp. v. Mid-Continent Co.</i> , 320 U.S. 661 (1944)	11, 14
<i>Morton Salt Co. v. Suppiger Co.</i> , 314 U.S. 488 (1942)	15
<i>Motion Picture Co. v. Universal Film Co.</i> , 243 U.S. 502 (1917)	15
<i>Oxy Metal Industries Corp. v. Quin-Tec, Inc.</i> , 216 USPQ 318 (E.D.Mich. 1982)	16
<i>Rex Chainbelt Inc. v. Harco Products, Inc.</i> , 512 F.2d 993 (9 Cir. 1975), cert. denied 423 U.S. 831 (1975)	16-17
<i>Senza-Gel Corp. v. Seiffhart</i> , 803 F.2d 661 (Fed.Cir. 1986)	9
<i>Shumaker v. Gem Manufacturing Co.</i> , 311 F.2d 273 (7 Cir. 1962)	17
<i>Sony Corp. v. Universal City Studios, Inc.</i> , 464 U.S. 417 (1984)	15
<i>Switzer Brothers, Inc. v. Locklin</i> , 297 F.2d 39 (7 Cir. 1961)	8

Cases	Page
<i>Switzerland Assn. v. Horne's Market</i> , 385 U.S. 23 (1966)	6
<i>United States v. Clark</i> , 454 U.S. 555 (1982)	9
<i>United States v. Turkette</i> , 452 U.S. 576 (1981) ...	9
<i>Watson Packer, Inc. v. Dresser Industries, Inc.</i> , 193 USPQ 552 (N.D.Tex. 1977)	17
Other Authorities	
28 U.S.C. § 1292(c)	17
§ 1295	17
35 U.S.C. § 271(b)	2
§ 271(c)	<i>passim</i>
§ 271(d)	6, 7
Hearings on H.R. 5988, H.R. 4061 and H.R. 5248 before the Subcommittee on Patents, Trademarks and Copyrights of the House Committee on the Judiciary, 80th Cong., 2d Sess. (1948)	11
Federico, "Commentary On The New [1952] Patent Act" (published in 35 U.S.C.A. Vol. 1 (1952))	11-12
Oddi, "Contributory Infringement/Patent Misuse: Metaphysics And Metamorphosis", 44 <i>U.Pitt.L.Rev.</i> 73 (1982)	15

CITATIONS TO OPINIONS BELOW

Hodosh v. Block Drug Co., 833 F.2d 1575
(Fed.Cir. 1987)

Hodosh v. Block Drug Co., Inc., 790 F.2d 880
(Fed.Cir. 1986)

Hodosh v. Block Drug Co., 786 F.2d 1136 (Fed.Cir.
1986), cert. denied 107 S.Ct. 106 (1986)

Hodosh v. Block Drug Co., Inc., 226 USPQ 645
(D.N.J. 1985)

STATUTES INVOLVED

35 U.S.C. § 271(c):

Whoever sells a component of a patented machine, manufacture, combination or composition, or a material or apparatus for use in practicing a patented process, constituting a material part of the invention, knowing the same to be especially made or especially adapted for use in an infringement of such patent, and not a staple article or commodity of commerce suitable for substantial noninfringing use, shall be liable as a contributory infringer.

35 U.S.C. § 271(d):

No patent owner otherwise entitled to relief for infringement or contributory infringement of a patent shall be denied relief or be deemed guilty of misuse or illegal extension of the patent right by reason of his having done one or more of the following: (1) derived revenue from acts which if performed by another without his consent would constitute contributory infringement of the patent; (2) licensed or authorized another to perform acts which if performed without his consent would constitute contributory infringement of the patent; (3) sought to enforce his patent rights against infringement or contributory infringement.

IN THE
Supreme Court of the United States

OCTOBER TERM, 1987

BLOCK DRUG COMPANY, INC., ET AL.,

Petitioners,

vs.

MILTON HODOSH and RICHARDSON-VICKS INC.,

Respondents.

**BRIEF IN OPPOSITION TO PETITION
FOR A WRIT OF CERTIORARI TO
THE UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT**

COUNTERSTATEMENT OF THE CASE

This is a five-year old patent infringement action that has yet to be tried. It has been to the Court of Appeals for the Federal Circuit twice — once in 1986 when the Court of Appeals reversed a summary judgment of patent invalidity,¹ and again in 1987 when the Court of Appeals answered the question of law certified by the District Court for interlocutory appeal.² Petitioners

¹ *Hodosh v. Block Drug Co.*, 786 F.2d 1136 (Fed.Cir. 1986), cert. denied 107 S.Ct. 106 (1986).

² *Hodosh v. Block Drug Co.*, 833 F.2d 1575 (Fed. Cir. 1987).

Block Drug Company, Inc. et al. (collectively "Block") now seek a Writ of Certiorari to have the appellate answer to that certified question reviewed by this Court.

Respondent Dr. Hodosh, a practicing dentist, is the inventor and owner of U.S. Patent No. 3,863,006 (the "Hodosh patent"). The Hodosh patent discloses and claims a superior method for desensitizing hypersensitive teeth (Appendix, D-1).³ Claim 4 of the Hodosh patent, which is the only claim that will be asserted at trial, claims a method of desensitizing hypersensitive teeth by applying a non-toxic paste, i.e., a toothpaste, mixed with 1-20% potassium nitrate (Appendix, D-3).⁴

Respondent Richardson-Vicks Inc. ("RVI"), is the exclusive licensee under the Hodosh patent. RVI makes and sells desensitizing toothpaste containing 5% potassium nitrate under the trademark "DENQUEL" (Appendix, B-2 and B-4).

Block makes and sells desensitizing toothpastes containing 5% potassium nitrate under the trademarks "PROMISE" and "SENSODYNE-F" (Appendix, A-3; Petition, p. 6).

Block's PROMISE and SENSODYNE-F toothpastes, like RVI's DENQUEL, have been marketed as specialty products designed particularly for sensitive teeth.⁵ Block admits that purchasers of its toothpastes PROMISE or SENSODYNE-F directly infringe the Hodosh patent when they use those toothpastes to desensitize teeth (Appendix, A-3). Thus, the complaints of Dr. Hodosh and RVI aver that the sale by Block of its PROMISE and SENSODYNE-F toothpastes is contributory infringement of the Hodosh patent under 35 U.S.C. § 271(c), and that Block's advertising and packaging of those toothpastes is active inducement of infringement of the Hodosh patent under 35 U.S.C. § 271(b).

³ Persons suffering from hypersensitive teeth react painfully to heated or chilled foods, citric acid or sweets or other everyday stimuli, including toothbrush contact (Appendix, D-2, col. 1, lines 12-15).

⁴ Potassium nitrate is an old chemical that has many other uses.

⁵ *Hodosh v. Block Drug Co.*, 226 USPQ 645, 656 (D.N.J. 1985).

Before RVI entered the desensitizing toothpaste market with DENQUEL, Block enjoyed a virtual monopoly of that market (approximately 85 to 90 %) with its earlier densensitizing toothpaste containing strontium chloride, not potassium nitrate.⁶ When Block became aware of the threat posed by RVI's intent to enter this market with DENQUEL, Block sought a license under the Hodosh patent. RVI — attempting with its new product to compete with Block in this market — refused to license Block (Appendix, A-3). It is this refusal to license Block that Block urges to be patent misuse. Nobody else has requested or has been denied a license under the Hodosh patent.

Block moved in the District Court for summary judgment of patent misuse. The District Court denied that motion⁷, holding (Appendix, B-14):

"In sum, several issues [of material fact] are presented, not the least of which is whether these products [Block's PROMISE and SENSODYNE-F toothpastes] have a substantial use other than to infringe the [Hodosh patent]."

Block sought to avoid this genuine issue of material fact by arguing that under Section 271(c) the Court should not look at whether the desensitizing toothpastes it actually sells have any substantial non-infringing use, but rather that the Court should

⁶ *Hodosh v. Block Drug Co.*, 226 USPQ 645, 647 (D.N.J. 1985).

⁷ Previously, the District Court in denying that motion as being moot had observed (226 USPQ at 656):

"The court notes its doubts as to whether [Block's] product, Promise Toothpaste for Sensitive Teeth, can truly be regarded as 'a staple article ... of commerce suitable for substantial noninfringing use, ' . . . Indeed, the evidence before the court tends to confirm the fact that [Block's] toothpastes have been marketed as specialty products designed particularly for sensitive teeth, and that they have been priced, and regulated, accordingly. At most, therefore, an issue of fact appears to exist regarding whether there is a substantial use for [Block's] product that would not infringe plaintiffs' patent were it valid."

look only to the ingredient potassium nitrate which as a staple has many other uses. Block made this argument notwithstanding the fact that it does not sell potassium nitrate by itself as a staple. The District Court and Court of Appeals for the Federal Circuit unanimously rejected Block's argument, holding that Section 271(c) requires the Court to focus on the product actually sold by Block.

SUMMARY OF ARGUMENT

The Petition should be denied because it seeks review of the answer by the Court of Appeals to a certified question of law from an interlocutory order denying summary judgment. Block's Petition for review before final judgment is contrary to this Court's long standing policy of not issuing a writ of certiorari before final judgment except in extraordinary cases.

The Petition should be denied because the Court of Appeals correctly held that Section 271(c) is directed to the product actually sold by the alleged contributory infringer. That decision carefully reviewed and is consistent with the plain language of Section 271, its legislative history, and this Court's prior decisions including *Dawson Chemical Co. v. Rohm & Haas Co.*, 448 U.S. 176 (1980). It is also consistent with the decisions of other Courts of Appeals.

REASONS WHY THE WRIT SHOULD NOT BE GRANTED

A. *This Court Should Not Exercise Its Certiorari Jurisdiction To Review An Answer To A Certified Question Of Law Before Final Judgment*

As this Court often has observed, federal law expresses a policy against piecemeal appeals. *Gardner v. Westinghouse Broadcasting Co.*, 437 U.S. 478, 480 (1978); *Switzerland Assn. v. Horne's Market*, 385 U.S. 23, 24 (1966). Consistent with that statutory policy, this Court has declined to issue writs of certiorari before final judgment except in extraordinary cases. *Firemen v. Bangor & A.R. Co.*, 389 U.S. 327, 328 (1967); *Hamilton Shoe Co. v. Wolf Brothers*, 240 U.S. 251, 258 (1916): "except in extraordinary cases, the writ is not issued until final decree." To like effect is *Amer. Const. Co. v. Jacksonville Railway*, 148 U.S. 372, 384 (1893): "this court should not issue a writ of *certiorari* to review a decree ... on appeal from an interlocutory order, unless it is necessary to prevent extraordinary inconvenience and embarrassment in the conduct of the cause".

Block has failed to make any showing that this is an extraordinary case or that proceeding to final judgment in the District Court would cause extraordinary inconvenience or embarrassment in the conduct of this case. For that reason alone, the writ should not be granted.

B. *The Court Of Appeals Correctly Held That Section 271(c) Is Directed To The Product Actually Sold*

Congress in enacting Sections 271(c) and (d) drew a clear line between contributory infringement and patent misuse. As this Court observed in *Dawson Chemical Co. v. Rohm & Haas Co.*, 448 U.S. 176, 198, 200 (1980):

"If both the patent misuse and contributory infringement doctrines are to coexist, then, each must have

some separate sphere of operation with which the other does not interfere.

* * *

"The approach that Congress took toward the codification of contributory infringement and patent misuse [in 35 U.S.C. §§ 271(c) and (d)] reveals a compromise between those two doctrines and their competing policies that permits patentees to exercise control over nonstaple articles used in their inventions."

Thus, if Block is a contributory infringer under Section 271(c), there can be no patent misuse because Section 271(d) would authorize (1) Dr. Hodosh's grant of an exclusive license under his patent to RVI, (2) RVI's sale of its DENQUEL product, and (3) RVI's right to refuse to license Block under the Hodosh patent.⁸

The issue on the summary judgment motion, which was denied by the District Court, was whether Block was selling a staple or a nonstaple under Section 271(c). The Court of Appeals correctly held, as did the District Court, that the proper focus in determining that issue is on the product actually sold by Block and not on the potassium nitrate ingredient of that product.⁹

⁸ *Dawson* made clear that Section 271(d) authorizes refusals to license others to perform acts which constitute contributory infringement. 448 U.S. at 214-15, 223. Block improperly suggests (Petition, pp. 10, 11) that the force of this precept set down in *Dawson* should somehow be discounted because it was decided by a 5-4 majority of this Court.

⁹ Block improperly raises other questions that were not certified to or answered by the Court of Appeals and will be determined by the District Court on remand, e.g., Block's contention (Petition, pp. 4-5, 11) that the "nontoxic paste" of its product is merely an "inert diluent" (it is not), Block's contention (Petition, pp. 7, 16-18) that "inert diluents" or the like can never be considered in the staple/nonstaple determination (there is no such rule of law), and Block's contention (Petition, p. 15) that such facts as pricing, marketing and consumer preferences are mere "marketplace expedients" which should be ignored in

(Footnote continued)

There can be no doubt that one who merely sells the staple chemical potassium nitrate would not infringe ¹⁰ or contributorily infringe the Hodosh patent and to attempt to license or enforce the Hodosh patent against such a person would be misuse. That person is not Block, but is the company that sells potassium nitrate to Block.¹¹ Block does not sell the staple chemical potassium nitrate. Block sells its especially formulated desensitizing toothpastes that contain potassium nitrate as an ingredient and, if its desensitizing toothpastes are nonstaples, Block is a contributory infringer of the Hodosh patent. *Dawson*, *supra*, 448 U.S. at 186 n.6.

Nor can there be any doubt that the patent misuse doctrine evolved at least in part to foster competition. It is noteworthy that here the only request for a license under the Hodosh patent came from Block who enjoyed a virtual monopoly of the desensitizing toothpaste market (approximately 85 to 90%) before RVI entered that market with its new product DEN-QUEL.¹² Block by requesting a license under the Hodosh patent implicitly recognized that it was not selling a staple because if it were, it would not need such a license. In fact, if Block were selling a staple, the grant of a license to Block under the Hodosh patent could constitute patent misuse. *Switzer Brothers, Inc. v. Locklin*, 297 F.2d 39 (7 Cir. 1961).

the staple/nonstaple determination. Such marketplace facts are material to the requirement that, to be a staple, the product sold must have an actual, commercial noninfringing use. As this Court said in *Dawson* (448 U.S. at 184), "a 'nonstaple' article [is] one that has no commercial use except in connection with [the] patented invention."

¹⁰ Assuming that no active inducement of others to infringe took place.

¹¹ No attempt has been made to license or enforce the Hodosh patent against that supplier.

¹² Block has no support in the record for its statement (Petition, pp. 3, 6) that Hodosh or RVI "refus[ed] to license the patented method unless the licensee also purchased RVI's unpatented toothpaste." That statement is factually incorrect. Nobody other than Block has ever requested or been refused a license under the Hodosh patent.

Block has no basis for its assertion that the Court of Appeals' decision "significantly expands a patentee's monopoly" (Petition, p. 7). In answering the certified question, the Court of Appeals correctly looked to the plain language of Section 271 (Appendix, A-5, A-6) as well as its legislative history (Appendix, A-6, A-7). The Court of Appeals also correctly considered *Dawson* and other prior decisions of this Court,¹³ as well as decisions of other Courts of Appeals (Appendix, A-7 through A-9).

1. The Plain, Unambiguous Language
Of Section 271(c) Is Conclusive And
Directs That Contributory Infringe-
ment Is Determined By The Product
Actually Sold

The answer to the certified question turns on the construction of Section 271(c). As this Court stated in *Dawson*, *supra* (448 U.S. at 187):

"It is axiomatic, of course, that statutory construction must begin with the language of the statute itself."

The Court of Appeals started there, found no ambiguity in that statute (Block points to none) and held that its plain wording refuted Block's argument (Appendix, A-4 through A-6). This was the correct approach. "If the statutory language is clear, it is ordinarily conclusive." *United States v. Clark*, 454 U.S. 555, 560 (1982); *United States v. Turkette*, 452 U.S. 576, 580 (1981); *Consumer Product Safety Comm'n v. GTE Sylvania*, 447 U.S. 102, 108 (1980).

Section 271(c) unambiguously states that it is the material sold which controls in applying that statute. Applying the language of that statute to this case:

¹³ It is not true that the Court of Appeals "discarded" (Petition, p. 10) these decisions — the Court of Appeals correctly concluded that they did not answer the certified question (Appendix, A-8, A-9). In other circumstances, the Court of Appeals has not hesitated to apply this Court's authorities on patent misuse. *Senza-Gel Corp. v. Seiffhart*, 803 F.2d 661, 665 (Fed.Cir. 1986).

“Whoever [Block] sells . . . a material [Promise and Sensodyne-F toothpastes] . . . for use in practicing a patented process [Hodosh patent Claim 4], constituting a material part of the invention [potassium nitrate mixed with a nontoxic paste as called for by Claim 4], knowing the same to be especially made or especially adapted for use in an infringement of such patent [Block labels and promotes those toothpastes as ‘toothpastes for sensitive teeth’ and knew of the Hodosh patent before it began selling those toothpastes], and not a staple article or commodity of commerce suitable for substantial noninfringing use [the genuine issue of fact found by the District Court], shall be liable as a contributory infringer.”

The plain words of the statute require the Court to focus on what is actually sold and the Court of Appeals correctly rejected Block’s argument to the contrary.

2. The Legislative History Of Section 271(c) Shows An Unambiguous Congressional Intent To Focus On The Product Actually Sold

The Court of Appeals also looked to the legislative history of Section 271(c) and found that it confirmed the Court’s construction of that statute: “The legislative history of § 271(c) is in complete agreement with reliance on the plain wording of the statute” (Appendix, A-6).

Section 271(c) was enacted as part of The Patent Act of 1952 – the result of an effort of over four years to reform the patent laws. The title of the bill originally proposed in 1948 was, “A Bill to Provide for the Protection of Patent Rights Where Enforcement Against Direct Infringers Is Impracticable, To Define Contributory Infringement And For Other Purposes”. As Mr. Giles Rich (one of the principal authors of the Act, and now a Judge of the Court of Appeals for the Federal Circuit) testified, this bill (similar to Section 271(c) as eventually enacted) was intended

to offset the perceived effect of *Mercoïd Corp. v. Mid-Continent Co.*, 320 U.S. 661 (1944) and *Mercoïd Corp. v. Honeywell Co.*, 320 U.S. 680 (1944), i.e., that the *Mercoïd* decisions "destroyed [the contributory infringement] doctrine" (Rich, Hearings on H.R. 5988, H.R. 4061 and H.R. 5248 before the Subcommittee on Patents, Trademarks and Copyrights of the House Committee on the Judiciary, 80th Cong., 2d Sess., pp. 4-5 (1948)). Mr. Rich explained (id.):

"The decisions prevent the patentee from obtaining relief against the person who is guilty of causing infringement of the patent and leave him only the right to recover against innocent members of the public who have been induced to use the patented process. Thus, the effect of the decisions is to protect the guilty and encourage suits against the innocent. As a practical matter, no patentee can afford to attempt to protect his invention by suing all the innocent members of the public who have been induced to use it."

The Court of Appeals also relied (Appendix, A-6) on Mr. P. J. Federico, another of the principal authors of The Patent Act of 1952, citing his *Commentary On The New [1952] Patent Act* (published in 35 U.S.C.A. Vol. 1 (1952)), p. 53, which states:

"Paragraph (c) [of Section 271] deals with what the Committee Report characterized as 'the usual situation in which contributory infringement arises'. Contributory infringement under this paragraph requires the presence of the following factors:

"1. *The thing sold* must be 'a component of a patented machine, manufacture, combination or composition, or a material or apparatus for use in practicing a patented process.' *The thing sold* is presumably not itself patented since if it were patented the question of contributory infringement, as distinguished

from direct infringement, would scarcely arise and the paragraph would have little or no apparent purposes.¹⁴

"2. *The thing sold* must constitute a material part of the invention, that is, of the patented invention.

"3. *The thing sold* must be especially made or especially adapted for use in an infringement of the patent.

"4. The seller must have knowledge of factor three.

"5. In addition *the thing sold* must not be 'a staple article or commodity of commerce suitable for substantial noninfringing use.' " (Emphasis supplied.)

Thus, the legislative history of Section 271(c) confirms the meaning of the plain language of that statute — the focus is on the product actually sold.

3. The Court Of Appeals' Answer To The Certified Question Is Not In Conflict With *Dawson*

In urging that the proper focus for the staple/nonstaple determination be on potassium nitrate alone, Block ignores the plain language of Section 271(c) and its legislative history. Block instead argues that this Court in *Dawson* narrowly defined nonstaples, placing principal reliance (Petition, p. 10) on a quotation from that decision (448 U.S. at 213):

"[B]y enacting §§ 271(c) and (d), Congress granted to patent holders a statutory right to control nonstaple goods that are capable only of infringing use in a

¹⁴ Thus, Block's emphasis (Petition, pp. 5-6) on the fact that the composition claims on potassium nitrate toothpaste were rejected and then abandoned is misplaced. In *Dawson*, *supra*, for example, the substance propanil itself had been found unpatentable, as anticipated, in prior litigation (448 U.S. at 181-82). That did not prevent propanil from being a nonstaple insofar as contributory infringement of the method patent was concerned.

patented invention, and that are essential to that invention's advance over prior art."

From this passage, Block argues (Petition, p. 12) that the proper focus for the staple/nonstaple determination is on the "heart" or "essential" of the invention.¹⁵ In rejecting Block's reliance on *Dawson* as "misplaced" (Appendix, A-7), the Court of Appeals explained (id.):

"Contrary to Block's protestations, the Court in *Dawson* did not address any question of whether courts, when making the staple/nonstaple determination, should look to the product actually sold or to a mere ingredient in that product. Similarly, Block's argument that the court in *Dawson* looked to the 'essence' or 'essential' of the claimed invention when it referred to 'propanil' instead of 'propanil mixed with an inert diluent' is unfounded. Both parties sold the

¹⁵ This Court in *Aro Mfg. Co. v. Convertible Top Co.*, 365 U.S. 336 (1961), rejected the approach of focusing on an alleged "heart" of the invention and ignoring other material elements of the claimed invention in determining infringement in the context of the "repair-reconstruction" doctrine.

Block has seized (Petition, pp. 5, 12) upon the following statement made by the Court of Appeals on the first appeal in reversing the District Court's summary judgment of invalidity of the Hodosh patent (*Hodosh v. Block Drug Co.*, 786 F.2d 1136, 1143 (Fed.Cir. 1986)):

"Dr. Hodosh's invention was the discovery of an apparently superior *desensitizing agent* and he never thought it was a toothpaste formula." (Emphasis in original.)

But on the first appeal, the Court of Appeals did not have before it any issue of contributory infringement (or patent misuse). The Court of Appeals did not imply in any way that the nontoxic toothpaste component of the material actually sold by Block "has nothing to do with the inventive concept" (Petition, p. 5) in determining contributory infringement. Block's strained construction flies in the face of the very principle that motivated the Court of Appeals' original observation — focusing only on potassium nitrate is to ignore the invention as a whole. *Hodosh, supra*, 786 F.2d at 1143 n.5.

same product and Dawson conceded that the product actually sold was a nonstaple article. Hence, the Court had no need to, and did not answer the question here certified.”

The passage from *Dawson* on which Block relies simply referred to the requirement of Section 271(c) that the material actually sold must not be “suitable for substantial noninfringing use” and must be “a material part of the invention.”¹⁶

Rather than construing the scope of Section 271(c) narrowly or broadly, this Court in *Dawson* specifically stated (448 U.S. at 219):

“[S]ince petitioners have conceded contributory infringement for the purposes of this decision, the scope of that subsection is not directly before us.”

This concession by petitioners’ in *Dawson* included a stipulation that propanil was a nonstaple. 448 U.S. at 185-86. There was no reason for this Court to have addressed the issues now raised by Block concerning the proper focus for the staple/nonstaple determination.

Thus, this Court’s decision in *Dawson* provides no support for Block.¹⁷ To the contrary, in *Dawson*, after a thorough

¹⁶ The desensitizing toothpastes sold by Block are a material part of the invention of Claim 4 of the Hodosh patent, i.e., “potassium nitrate mixed with a nontoxic paste.” In any event, the Court of Appeals specifically stated that this issue was not before it (Appendix, A-7 n.12).

¹⁷ Nor do the pre-1952 decisions of this Court support Block. Block improperly states that “[t]he Federal Circuit refused to consider these cases, stating that they are unpersuasive because ‘the court spoke before the advent of § 271’ ” (Petition, p. 13). This is a gross distortion of what the Court of Appeals said (Cf. Appendix, A-8, A-9). That was only one of a number of reasons given by the Court of Appeals and would apply only to the *Mercoïd* decisions of this Court, and *B. B. Chemical* if construed as involving a nonstaple.

(Footnote continued)

discussion of the contributory infringement/misuse case law and the legislative history of Section 271, this Court concluded (448 U.S. at 203):

"In our view, the relevant legislative materials abundantly demonstrate an intent both to change the law and to *expand* significantly the ability of patentees to protect their rights against contributory infringement." (Emphasis supplied.)

Block's "advance over the prior art", i.e., "essence" or "heart" of the invention, theory (Petition, p. 12) would be a contraction of the protection against contributory infringement afforded patentees by Section 271(c) and thus contrary to the intent of Congress in enacting that statute.¹⁸

In addition, this Court observed in *Dawson* (448 U.S. at 188):

"[T]he contributory infringement doctrine. . . exists to protect patent rights from subversion by those who, without directly infringing the patent

The Court of Appeals also said that in most cases, the materials actually sold were themselves found to be staples. This was the case in *Carbice*, 283 U.S. at 29, and in *Leitch*, 302 U.S. at 460. In both *Motion Picture* and *Morton Salt*, the products actually sold were supplies which were not a "material part of the invention", i.e., the supplies were not an element of the claimed inventions.

Block's reliance on the post-*Dawson*, *Sony* case is also misplaced. In *Sony*, this Court held that the record supported a finding that there was "significant" noninfringing use for the Betamax (the accused article). 464 U.S. at 442.

¹⁸ The commentator on which Block relies (Petition, pp. 10 n.4, 15 n.9) concedes that Block's interpretation of *Dawson* would be "a significant limitation which may not have been previously apparent ... imposed upon the doctrine of contributory infringement" and would turn contributory infringement into "an exceedingly restrictive tort". Oddi, "Contributory Infringement/Patent Misuse: Metaphysics And Metamorphosis," 44 *U.Pitt.L.Rev.* 73,85,127 (1982).

themselves, engage in acts designed to facilitate infringement by others. This protection is of particular importance in situations ... where enforcement against direct infringers would be difficult, and where the technicalities of patent law make it relatively easy to profit from another's invention without risking a charge of direct infringement."¹⁹

Block markets PROMISE and SENSODYNE-F for no purpose other than to profit from sales of these products to persons with hypersensitive teeth who, in using those products, directly infringe the Hodosh patent. It would be a practical impossibility for RVI or Dr. Hodosh to monitor direct infringement carried on by persons with hypersensitive teeth in the privacy of their homes. The Court of Appeals observed (Appendix, A-6) that Congress in enacting Section 271 (c) explicitly recognized that without protection from contributory infringement, owners of method patents, like respondent here (Appendix, A-6 n.11), would have no effective protection.

4. The Court Of Appeals' Answer To The Certified Question Is Not In Conflict With The Ninth Circuit

Block relies upon the Ninth Circuit's decision, *Rex Chainbelt Inc. v. Harco Products, Inc.*, 512 F.2d 993 (9 Cir. 1975), in the hope of finding a conflict between the Circuits. But in that case, the Ninth Circuit declined to reverse the District Court's finding of fact that the material actually sold — epoxy resin in "extended" form with inert "fillers" — was a staple (512 F.2d at 998, 1000 n.1).²⁰

¹⁹ Thus, Block's quotation (Petition, pp. 9, 15) from *B.B. Chemical*, for the proposition that "the most convenient way of exploiting a patent" and "marketplace expedients" are irrelevant, must be leavened by these practical considerations expressed in *Dawson*.

²⁰ The other cases cited by Block (Petition, p. 16 n.10) are distinguishable on the same ground. In *Dr. Salsbury's*, the material actually sold by the accused contributory infringer was "3-nitro" in powdered or tablet form, which the Court found was a staple. In *Oxy Metal*, the Court found that certain packaged blends of staple chemicals that the accused contributory infringer actually

(Footnote continued)

Even if the product actually sold in *Rex Chainbelt* had not been a staple, it is questionable whether this would present a conflict between Circuits, given the fact that the Court of Appeals for the Federal Circuit was vested by Congress with nationwide and exclusive jurisdiction in patent appeals²¹ so as to achieve uniformity in patent law,²² and given the fact that the Ninth Circuit's decision in *Rex Chainbelt* preceded the formation of the Federal Circuit. It is submitted that the District Courts in the Ninth Circuit now would follow the Federal Circuit's decision in this case if the product actually sold in *Rex Chainbelt* had not been a staple.

sold were themselves staples and that "the patents at issue do not call for the addition of specific blends of ingredients, but rather the individual chemicals themselves" (216 USPQ at 324).

Block does not address the nonstaple cases cited by the Court of Appeals (Appendix, A-5): *Shumaker v. Gem Manufacturing Co.*, 311 F.2d 273 (7 Cir. 1962); *Watson Packer, Inc. v. Dresser Industries, Inc.*, 193 USPQ 552, 561 (N.D.Tex. 1977).

²¹ 28 U.S.C. §§ 1292(c), 1295.

²² *Atari, Inc. v. JS & A Group, Inc.*, 747 F.2d 1422 (Fed.Cir. 1984).

CONCLUSION

It is respectfully submitted that Block's Petition should be denied.

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IN THE

Supreme Court of the United States

OCTOBER TERM, 1987

BLOCK DRUG COMPANY, INC., BLOCK DRUG
CORPORATION AND DENTCO, INC.,

Petitioners,

vs.

MILTON HODOSH and RICHARDSON-VICKS, INC.,

Respondents.

REPLY BRIEF IN SUPPORT OF PETITION FOR A WRIT OF CERTIORARI TO THE U.S. COURT OF APPEALS FOR THE FEDERAL CIRCUIT

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TABLE OF CONTENTS

	Page
TABLE OF CASES, STATUTES AND OTHER AUTHORITIES.....	iii
I. The Absence of a Final Judgment Does Not Affect the Importance of Granting the Writ to Review the Certified Question of Law . . .	1
II. Respondents' Brief Does Not Overcome the Special and Important Reasons for Granting the Writ	3
III. The Federal Circuit Decision Would Permit Patent Monopolies to be Expanded by Such Commercial Techniques as Marketing and Pricing	5
Conclusion	6

TABLE OF CASES, STATUTES AND OTHER AUTHORITIES

	Page
<i>B.B. Chemical Co. v. Ellis</i> , 314 U.S. 495, 498 (1942)	4-5
<i>Dawson Chemical Co. v. Rohm & Haas Co.</i> , 448 U.S. 176, 183, 184 n. 3, 185, 187 (1980)	2-5
<i>Hodosh v. Block Drug, Co.</i> , 786 F.2d 1136, 1143 (Fed. Cir.), <i>cert. denied</i> , 107 S.Ct. 106 (1986) .	3
<i>Leitch Mfg. Co. v. Barber Co.</i> , 302 U.S. 458 (1938)	4
<i>Rex Chainbelt, Inc. v. Harco Prods., Inc.</i> , 512 F.2d 993, 1002 (9th Cir.), <i>cert. denied</i> , 423 U.S. 831 (1975)	4
<i>Switzer Bros., Inc. v. Locklin</i> , 297 F.2d 39 (7th Cir. 1961), <i>cert. denied</i> , 369 U.S. 851 (1962) ..	4
STATUTES AND OTHER AUTHORITIES	
28 U.S.C. §1292(b)	1, 2
35 U.S.C. §271, (c)	4, 5
Federico, "Commentary on the New [1952] Patent Act," (Published in 35 U.S.C.A. Vol. 1 (1952)) .	3



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**REPLY BRIEF IN SUPPORT OF PETITION FOR A
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**I. THE ABSENCE OF A FINAL JUDGMENT DOES NOT
AFFECT THE IMPORTANCE OF GRANTING THE
WRIT TO REVIEW THE CERTIFIED QUESTION OF
LAW**

In opposing the Petition, respondents urge (Resp. Br. p. 6) that this Court should not grant the petition for certiorari because there is no final judgment. However, the present case raises a special and important question of law, which was recognized by both the District Court by certifying the question and the Court of Appeals below by granting interlocutory review of the certified question under 28 U.S.C. §1292(b).

Significantly, in *Dawson Chemical Co. v. Rohm & Haas Co.*, 448 U.S. 176 (1980), under similar procedural circumstances, this Court granted certiorari prior to final judgment. Petitioners in *Dawson* moved for summary judgment on the patent misuse issue, arguing that Rohm & Haas misused its patent by granting the right to practice the patented method only to purchasers of its propanil-containing composition. The District Court granted partial summary judgment on the issue of patent misuse, the Fifth Circuit reversed, and despite the denial of summary judgment, this Court "granted certiorari, to forestall a possible conflict in the lower courts and to resolve an issue of prime importance in the administration of the patent law", 448 U.S. at 185 (citations omitted), while noting that other issues "remain for development on remand". 448 U.S. at 184 n.3.

In this case, the reasons for granting certiorari on the misuse issue are buttressed by the fact that the District Court recognized the existence of "a controlling question of law as to which there is substantial ground for difference of opinion and that an immediate appeal . . . may materially advance the ultimate termination of the litigation." (App. C-2). The District Court certified the question. The Court of Appeals for the Federal Circuit agreed, and permitted the appeal. None of the cases relied on by respondents (Resp. Br. p. 6) as to interlocutory review by this Court involved an instance where a district court and a court of appeals, recognizing that a substantial legal issue existed, were dealing with a certified legal question under 28 U.S.C. §1292(b).

The District Court, while denying summary judgment, recognized (App. B-9 to B-13) the law of patent misuse, as developed in the long line of decisions by this Court and deemed the legal question of the focus in determining whether a patent monopoly can be expanded, to be of sufficient importance to certify the question, so it could receive guidance at the appellate level. This Court should provide such guidance.

II. RESPONDENTS' BRIEF DOES NOT OVERCOME THE SPECIAL AND IMPORTANT REASONS FOR GRANTING THE WRIT

The reasons offered by respondents for denying the writ are not persuasive. While respondents argue that Block sells toothpaste, and not potassium nitrate alone (Resp. Br. p. 8), it is undisputed that potassium nitrate, a staple, is the essential ingredient of the toothpaste and the advance over the prior art (Petition pp. 4, 5 and App. D-1). The toothpaste is unpatented. It is only the potassium nitrate in a common paste or water or other carrier which gives relief to hypersensitive teeth.

Respondents' assertion (Resp. Br. p. 7, n 9) that the non-toxic paste has something to do with the inventive concept has never had any factual support, by affidavit, or otherwise. Not only is this contrary to the teaching of the patent, (Petition pp. 4-6, App. D-1) but the toothpaste carrier is an old formula copied from the prior art. *Hodosh v. Block Drug Co.*, 786 F.2d 1136, 1143 (Fed. Cir.), *cert. denied*, 107 S.Ct. 106 (1986).*

Respondents' "Counterstatement of the Question" which asserts that one should address only "the material actually sold" without looking further, would preclude a court from any analysis of that material. It has already been determined that the nature of the product is such that the potassium nitrate is the essential ingredient which imparts any novelty to the method. If it were simply "any ingredient", there would have been no basis for certification.

Respondents rely (Resp. Br. pp. 11, 12) on statements made by Mr. P.J. Federico in his *Commentary on the New (1952) Patent Act*. His comments regarding "the thing sold," however, were of a general nature, and simply repeated the statutory language. Mr. Federico was not discussing the specific issue before this Court, nor did he have before him the *Dawson* decision which reiterated the importance of focusing on the "essential" ingredient. (Petition p. 11)

* Interestingly, RVI's Denquel toothpaste packaging refers to only one active ingredient, i.e. potassium nitrate (earlier advertising having designated the potassium nitrate as the "patented, active ingredient").

The misuse issue is not simply "the refusal to license Block" (Resp. Br. p. 3) as respondents assert. It is misuse to grant licenses only to RVI's purchasers and thus tie the use of the patented method to the purchase of unpatented materials, and to bring a suit against another supplier of such materials. *Leitch Mfg. Co. v. Barber Asphalt*, 302 U.S. 458 (1938); *B.B. Chem. Co. v. Ellis*, 314 U.S. 495 (1942). All purchasers of toothpaste from RVI receive a license to use the product, and whether anyone other than Block has made an express request for a license (Resp. Br. p. 8) is irrelevant. As stated in *Rex Chainbelt, Inc. v. Harco Prods., Inc.*, 512 F.2d 993, 1002 (9th Cir.), *cert. denied* 423 U.S. 831 (1975), if "no other licensing program [is] visibly available" (other than with the implied license given with the sale of the unpatented product), then misuse is established. —

Moreover, respondents' reliance on *Switzer Bros., Inc. v. Locklin*, 297 F.2d 39 (7th Cir. 1961), *cert. denied*, 369 U.S. 851 (1962) (Resp. Br. p. 8) for the theory that licensing Block would be misuse, is misplaced. In that case, an antitrust violation resulted from tying a patent license to many things, including the use of trademarks and the purchase of materials for the production of all fluorescent devices, and Switzer's misconstruction of 35 U.S.C. §271(c) was not considered an excuse for its far-reaching antitrust violations.

Respondents assert that the plain wording interpretation of Section 271(c) is unambiguous. (Resp. Br. p. 9) To the contrary, this Court in *Dawson* pointed out "the language of §271 is generic and freighted with a meaning derived from the decisional history that proceeded it." *Dawson*, 448 U.S. at 187.

Respondents' further assertion (Resp. Br. p. 16) that it would be "a practical impossibility for RVI or Dr. Hodosh to monitor direct infringement" is the same type of argument that was offered unsuccessfully in *B.B. Chemical Co. v. Ellis*, 314 U.S. 495 (1942). This Court responded, 314 U.S. at 498:

It is without significance that, as petitioner contends, it is not practicable to exploit the patent rights by granting licenses because of the preferences of

manufacturers and of the methods by which petitioner has found it convenient to conduct its business. The patent monopoly is not enlarged by reason of the fact that it would be more convenient to the patentee to have it so, or because he cannot avail himself of its benefits within the limits of the grant.

III. THE FEDERAL CIRCUIT DECISION WOULD PERMIT PATENT MONOPOLIES TO BE EXPANDED BY SUCH COMMERCIAL TECHNIQUES AS MARKETING AND PRICING

The Federal Circuit erroneously left it to the district court to have the misuse issue decided by questions relating to marketing and pricing. (App. B-14) Such a basis for determining the scope of the patent monopoly is inconsistent with the long line of cases on misuse, and with 35 U.S.C. §271(c), which states that in order to qualify as a nonstaple the material must not be "suitable for substantial noninfringing use". The staple/nonstaple determination should depend on the inherent nature of a material.

The Federal Circuit's decision, if left undisturbed, would permit patentees to circumvent the limitations inherent in method-of-use patents and, by marketing and pricing techniques, obtain monopoly rights which the Patent Office refused to grant. Such a result was clearly not intended by Congress in enacting 35 U.S.C. §271. It is also contrary to *Dawson*.

Respondents' reading of the statute would constitute a significant expansion of *Dawson*, and would be contrary to the public policy set forth in the misuse cases decided by this Court.

As stated in the Petition, the Federal Circuit Decision is in conflict with *Dawson* and other Supreme Court and Ninth Circuit precedent on patent misuse.

CONCLUSION

For the reasons set forth above and in the Petition for a Writ of Certiorari, such Writ should issue to the Court of Appeals for the Federal Circuit.

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